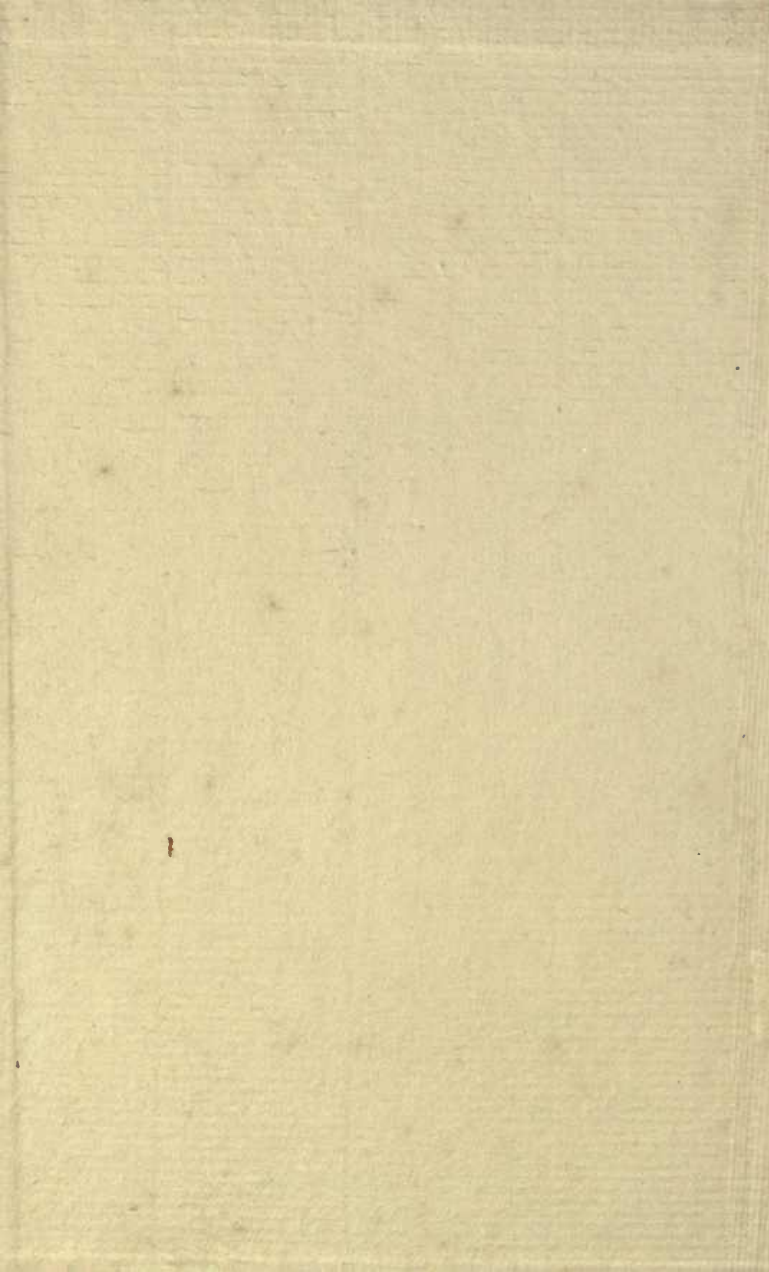
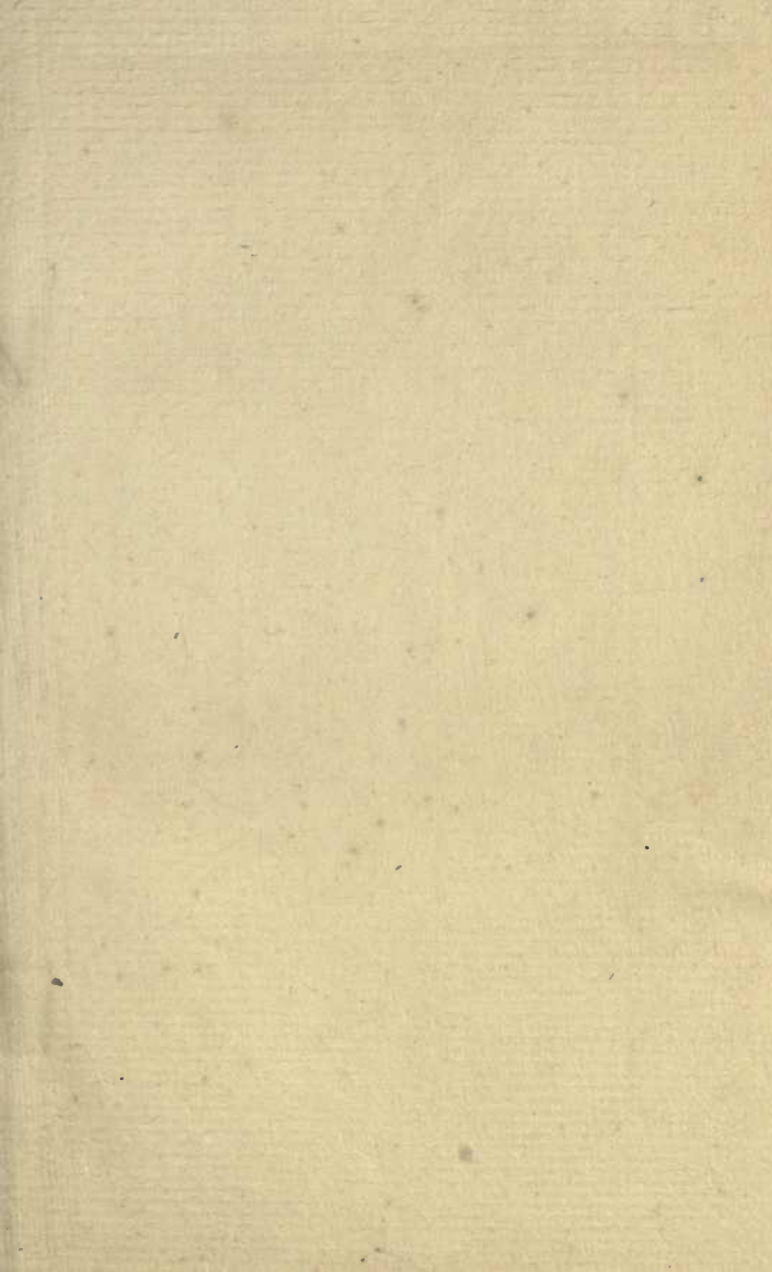
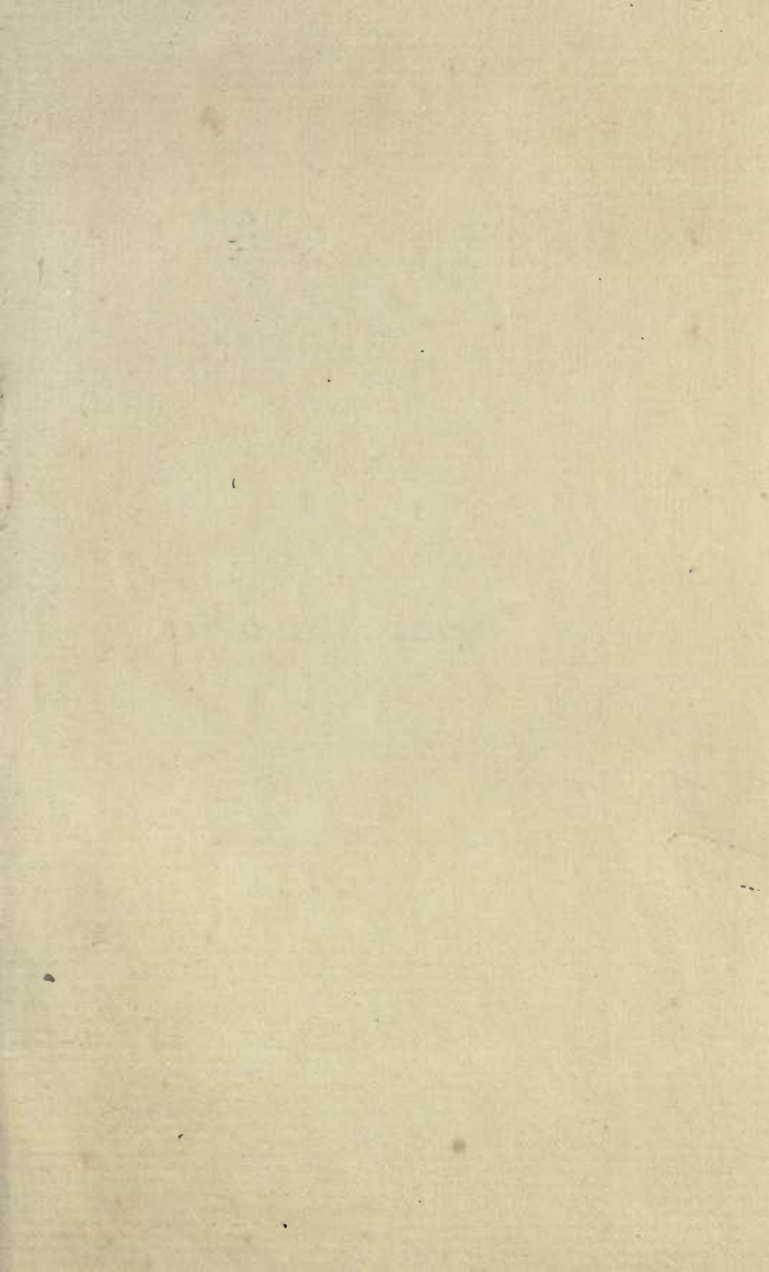


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Edited by J. Ramsay MacDonald, M.P.

Collectivism

AND

Industrial Evolution

BY
Emile Vandervelde

Translated by R. P. Farley.



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PREFACE TO THE ENGLISH EDITION.

THIS little book does not pretend to add anything to Socialist doctrine. My only aim in writing it was to explain, in a form accessible to all, the collectivist conception which is at the basis of the programme of all the Labour Parties of the western world. At the time when it appeared, England was, of all the countries of Europe, that which gave us the least hope. I remember still the disdain with which political men, whom I had the opportunity of meeting in London, spoke of Utopians, these "enlightened" men who were attempting to penetrate the English working class with the ideas which dominate Continental Socialism.

To-day all this is changed. The Trade Unions have understood the necessity of an autonomous political action on the part of the proletariat. Since the elections of 1906, the House of Commons is, of all Parliaments, that which has the largest proportion of manual workers. I know well that all do not profess adherence to Socialism, but, consciously or unconsciously, workers who group themselves in a class party are, by sheer force of

circumstances, future recruits for the great army of Socialism.

Thus at this time the Socialist Library founded in England responds to an imperious necessity. I am happy and proud that they have asked me to be their collaborator, and I thank them fraternally.

E. VANDERVELDE.

1st March, 1907.

INTRODUCTION.

"I think that what is contains the epitome of what was, of which it is the grave ; and the germ of what shall be, of which it is the cradle."—Enfantin.

THE prodigious chance which has made civilisation possible, says Rodbertus somewhere, consists in this, that labour in common is more productive than solitary labour.

By himself, man would hardly produce the wherewithal to live. Should he find himself on the contrary, incorporated in a social organisation the productivity of his labour goes on continually increasing in proportion as the division of labour, the convergence of effort, and the improvement of tools, increase his power over things.

In every society then, whatever be its structure, free or servile, capitalist or communist, social labour produces a margin, a surplus value ; that is to say, a value greater than the forces of labour and the means of labour, expended during the process of production.

But, whilst under a communal régime this margin would benefit all, in capitalist society,

characterised by the more or less complete divorce of property and labour, the surplus value produced by labour does not return to labour. It is monopolised under the form of profit by the holders of the means of production and exchange alone.

This view A. Menger, Professor of Law in the University of Vienna, expresses in the following terms "Our present law of patrimony, the chief point of which is property, does not guarantee to the worker the whole produce of his labour. By giving up existing wealth, especially the means of production, to the free enjoyment of certain persons, through the right of private ownership which it allows them, our law of private property allows these persons a power, thanks to which they are able without personal labour to secure an income and to employ it to satisfy their wants. This income, which the persons privileged by the organisation of the law receive from society without any personal contribution, is, by Saint Simonians, by disciples of Buchez and of Rodbertus, named rent; by Thompson and Marx surplus value (Mehrwert); I shall call it unearned income" (Arbeitsloses Einkommen).

Thus, thanks to the individual appropriation of capital, the holders of the means of production and exchange enjoy hereditarily the right to divide the surplus value created by the labour of others. They are able, at

their pleasure, to consume it productively or unproductively, to spend it on orgies, or to accumulate it, in order to increase by that amount the exploitation of labour. In their capacity of masters, they manage workshops and factories, unless they prefer to appoint salaried directors in their stead, and either directly or by deputies, they throw merchandise, exchange values, on the national or international market with the sole object not of satisfying needs, but of realising profits.

In short, what characterises the present régime, from the point of view of production and distribution, in spite of the survivals from the past or the germs of the future which it contains, is the omnipotence of private capital with no other object than profit, with no other social rule than competition, with no other restraint than the organisation of the workers, and the intervention, too often illusory, of the law. What constitutes, on the contrary the final end, which Socialism has in view, is the collective appropriation of the means of production and exchange, the social organisation of labour, the distribution of the surplus value between the workers—the quantum necessary for the satisfaction of the general needs of society having been deducted.

Consequently, under a régime of pure collectivism—to suppose, what we do not assume beforehand, that this régime is to be realised some day—the land, mines, manufacturing

establishments, the instruments of credit, the means of communication and transport will belong to the community: only articles of consumption would remain personal property.

The management of affairs, instead of being as to-day monarchical or oligarchical, would take the republican form; instead of being given over by right of birth or by right of conquest, to capitalists competing or combined it would belong not to the State, as is said and repeated in order to mislead, but to autonomous public corporations under the control of the State.

“Collective capital,” said Schaeffle, “ought to be assigned and appropriated, once for all, to different local and professional groups, and to their sub-divisions, by the special organs of the community, administrative authorities established by virtue of law, or popular readers exercising a purely moral authority. These same organs would have to provide for the renewal and increase of the means of production. This management and this economic administration would then be a public and centralised affair, and not the work of competing capitalists.”

Finally, from the point of view of distribution, the exchange of goods for the purpose of realising profits, would give way to the distribution of utilities, of use values, for the purpose of satisfying

needs whether social or individual. The remuneration of the workers instead of being determined by the cost of production of their labour-power—the surplus value being left to the capitalists—would be proportioned either to their needs or to the value of the products of their labour. We shall have to explain ourselves on this point in a subsequent chapter. Let us confine ourselves, for the moment, to stating that the complete realisation of collectivism does not merely involve—as certain too brief definitions might imply—the collective appropriation of the means of labour, but a complete revolution in the régime of production and distribution.

By the very fact of its magnitude, this revolution can only be the result of a long and complex series of partial variations; “radical changes cannot be sudden: sudden changes cannot be radical.”

But, henceforth—for socialism is nothing but the ideal extension as well as the organic completion of present tendencies—the social revolution is on the march. The whole movement of capitalist production in the sense of the socialisation of labour, prepares and necessitates the socialisation of property.

It is chiefly at this productivist point of view that we intend to take our stand in this statement of doctrine.

Indeed, the fact that our principles of distribution were fairer than the principles at

present recognised, would be of very little moment if their application should bring about a retreat or even a check in the expansion of productive forms.

The fundamental postulate, which emerges from the whole economic history of the world, is that a régime of production, whatever be the injustices which it involves, the protests which it arouses, the revolts which it provokes, never disappears unless before a régime, superior not merely from the point of view of abstract justice, but more especially from the point of view of social productivity.

Slavery and serfdom, condemned by moralists for centuries, have been suppressed in the countries of Christian civilisation, only from the moment when the necessities of production demanded the formal emancipation of labour.

Likewise, all the sentimental considerations which one may evoke in favour of socialism would not be sufficient to cause labour's real emancipation, if collectivism was not destined to get the better of the existing régime by reason of its superior productivity.

This is what we propose to show, by exhibiting the consequences of the concentration of capital, the results of the increasing extension of the collective domain, and the problems raised by the democratic organisation of the labour of society, as well as the distribution of its products.

PART I.
CAPITALIST CONCENTRATION.

CAPITALIST CONCENTRATION.

“New conditions of production superior to the old do not take their place until their material justifications are developed in the midst of the old society.”—Marx.

IN proportion as societies progress, as the relations between men multiply, as communication becomes easier and more frequent, division of labour goes on increasing continually. Whilst in a rural commune one hardly finds half-a-dozen distinct occupations, the industrial census of the German Empire for 1895 establishes the existence of 10,397 names of professions, 5,506 of which being connected with industry properly so-called.

And, naturally, the greatest number of these occupations are sub-divided in their turn into specialized operations, performed by separate workers. So it is that Levasseur, comparing the modern manufacture of boots with primitive shoe-making, relates that in Lynn (Mass.) 52 workmen and workwomen take part in the construction of a woman's shoe—each of those operations lasting hardly a few seconds, and being repeated thousands of times in the same day. But by the very fact of this infinite division and sub-division of

the labour of the community, the mutual dependence of the workers inevitably increases. Farmers, merchants, manufacturers, comrades in the same workshop, workmen passing their whole lives in sewing on the same kind of button, or in cutting the same kind of button-hole, are bound to other producers all the more closely, as their social function is more specialized. Processes of technical co-ordination and of social co-ordination, which re-establish on a wider basis the unity of trades, and the solidarity of different branches of production, give immediate response to processes of division of labour. From the technical point of view, the modern factory substitutes for the individual worker a collective worker, a gigantic automaton, accomplishing, and by itself too, the sum total of productive operations. It is actually the division of labour which engenders socialization and makes it possible.

From the social point of view, organizations which have become too narrow, the framework of which is shattered by progress in technique, are not long in being replaced by new organizations adapted to new forms of production.

The close family economy, producing use-values, consumed by the producers themselves, gives way to the economy of exchange under three successive aspects : the urban, the national, the international economy.

Close Family Economy.

When division of labour is as yet rudimentary, the economic unit is the family, in the large sense of the word—that is to say, the community of all those who live under the same roof, or, to use a mediæval expression, “with the same spoon and the same pot.”* Such, for example, were the primitive Roman *familia*, the peasant community of the Middle Ages, the *zadruga* of the southern Slavs. These domestic economies—whatever be the number, often very considerable, of persons who compose them—present this common characteristic of being self-sufficing, save for some products (iron, for example, and in the interior of countries, salt), of being side by side, and not bound up with similar economies with which they have only very slender ties : real social cells, almost without communication with the outside world, they produce all that they consume, and consume all that they produce. It is hardly necessary to add that, under such conditions, the productivity of labour is reduced to the minimum.

Economy of Exchange.

Urban Economy.

At this stage of transition from domestic

*A good description of this state of things, for the England of the Middle Ages, will be found in *Economics and Industrial History*, by H. W. Thurston. (Chicago : Scott, 1899.)

economy to the superior forms of social economy, production and consumption begin to differentiate; the relations of exchange become more numerous; industry is separated from agriculture; trade-guilds are established in the towns; the economic unit becomes the city, with the country round about it.

"A map of the ancient Germanic Empire," said K. Bücher, "shows us about 3,000 scattered towns in the south and west, from 4 to 5 leagues apart on the average; in the north and east, from 7 to 8. All had the same importance; but they were nevertheless the centre of an economic territory which had its limits like the ancient feudal farm, and which, confined to 2 or $2\frac{1}{2}$ square miles in the south-west, to 3 or 4 in the north, to 5 or 8 in the east, always allowed the peasant to reach the town market and to return home in a day."

So, then, by a slow transformation which has lasted centuries, and is still carried on in our day, the community of the family loses in part its independence. Nevertheless during the whole of the guild period, the ancient communal forms persist. The greater part of the things necessary for life is still produced by the economy which consumes them: division of labour remains little developed; commerce, national and international, bears on but a small number of commodities—spices and southern fruits, for example, dried or

salted fish for the feeding of the people, cloaks, fine clothes, and in northern countries wine.

But with the great over-sea discoveries, markets are extended, and manufacture appears: division of labour, purely professional, among the artisans of the Middle Ages, now breaks up into parts the different operations, which result in the completion of products. Inferior in productivity, the guild régime draws near its end; the capitalist era begins.

National and International Economy.

At the outset, it is true, the national economy, protectionist and mercantile, only reproduces the guild organisation on a wider basis, and preserves a large share of previous forms.

Moreover, the industrial and commercial classes represent as yet, even in the most advanced countries, only a very small fraction of the total population. In England, for example, according to the calculations of Gregory King for 1688, the agricultural classes numbered 4,265,000, as against only 240,000 engaged in industry, and 246,000 in commerce. But in 1769, less than a century later, these proportions have already undergone radical modifications. According to Young, the agricultural classes represent no more than 3,600,000 inhabitants; 3,000,000

are employed in manufacture, and in the other professions 1,900,000 !

It is at this moment that the industrial revolution is accomplished with alarming rapidity. The world-market is established ; the network of communication develops ; all the minerals emerge from the earth ; *machinofacture* is substituted for *manufacture* ; factory industry wins the supremacy over all other modes of production. A veritable struggle for existence, a merciless combat on a limitless battlefield, is waged between the different forms of enterprise.

The social consequences of this transformation are described by Marx in the celebrated chapters, which conclude the first volume of "Capital."

The great capital of to-day, he says in substance, has its source in the destruction of small properties (belonging to small artisans and peasants) in which labour and private property were really associated, and in which the worker was also the real proprietor of his own means of production, and of the product of his own labour. This form of private property, equitable in itself, in which the worker was the free proprietor of the means of labour employed by him ; the peasant, of the field, which he tilled ; the workman, of the tool whereof he made ingenious use—this form we say, beneficial for its time, in accordance with justice and identifying itself

with labour, had the great defect of scattering the means of production, and this splitting-up had the effect of injuring its productivity and its means of action. The small property was to be destroyed owing to this defect, and what remains of it (small artisans, and small peasant proprietors) dwindles away day by day, compelled as it is to yield to the power of great landed and industrial capital.

Private property, acquired by personal labour, and based, so to speak, on the union of the individual, independent and isolated, with the conditions of his particular work, has been supplanted by private capitalist property based on the exploitation of the labour of others. As soon as this process of transformation, destroying the small properties of artisans and peasants, had sufficiently disintegrated the old society ; as soon as the old individual workers were converted into proletarians,—that is to say, into workers separated from their means of production ; as soon as their means of labour (the old private property) were converted into great modern capital, the struggle of capital went still further. Great capital, in its second phase of development, fought against the small capitalist himself. Thanks to the continuous concentration of the means of production in great industries, one capital slays many others; but, at the same time, in the domain of great private capital, the co-operative form of

labour on an ever increasing scale, the application of science to technique, the exploitation of the land with method and uniformity, the transformation of private means of labour into means of labour which can only be employed socially, the intertwining of all nations in the network of a universal market, develop equally and simultaneously. But in proportion to the diminution in the number of the potentates of capital, who usurp and monopolise all the advantages of this period of social evolution, there is an increase in the distress, the oppression, the bondage, the degradation, the exploitation, but also in the resistance of the working class, unceasingly growing, and more and more disciplined, united, and organised by the very mechanism of capitalist production. The monopoly of capital becomes an impediment to the mode of production which has grown and prospered with it, and under its auspices.

The socialisation of labour, and the centralisation of its material forces reach a point at which they can no longer hold together in their capitalist covering. This covering is shattered into fragments. The hour of capitalist property has struck. The expropriators are in their turn expropriated.

We have been anxious to reproduce this admirable page almost in its entirety in order to show how unjust it is to pretend, as is sometimes done, that socialism, preoccupied

above all with the injustices of distribution, neglects to take account of the demands of production. The whole Marxist conception, on the contrary, rests on this fundamental idea, that the transformation of personal property into capitalist property, and of capitalist property into social property has as determining factor the productive superiority of capitalism over small production, and of socialist over capitalist production.

If the independent producers, the master artisans, the peasant proprietors, in a word all those who work for themselves, without sharing with anyone the fruit of their toil, tend to disappear, it is, above all, because their energy for labour is not sufficient to counterbalance the advantages of socialised labour. If the number of undertakings is decreasing—at least in certain branches of industry—whilst the number of workmen employed by them goes on increasing perpetually, it is because great enterprises are usually more productive than small.

Finally, if social property is some day to succeed capitalist property, once more it is because the suppression of private monopolies, of hereditary privileges, of unearned incomes, of the impediments of every kind which capitalist appropriation puts in the way of the expansion of productive forces, would increase the productivity of social work in unheard of proportions. Certainly, we do

not pretend that this scheme, which tries to embrace the whole evolution of modern property in a formula necessarily too simple—personal property, capitalist property, social property—is rigorously and absolutely adapted to the appalling complexity of the phenomena.

We are the first to admit that Marx's assertions with regard to the growing degradation of the proletariat, express only a tendency which may be, and which often is, counter-balanced by other tendencies acting in an opposite direction. But what is important to notice—before setting forth in greater detail the process of capitalist concentration—is the organic character of the conception which serves as a basis for collectivist theories.

That there are also in Marx—in the manifesto of the communist party for example—isolated passages in which one discovers traces of the “catastrophic utopias” which the manifesto was expressly intended to combat, of survivals, more or less numerous, of the theory of “violent measures,” bringing down revolution upon modern societies like a thief in the night, we by no means think of disputing. But it is none the less true that in its entirety, the Marxist theory displays characteristics which are diametrically opposed to that; the expropriation of the means of production and exchange for the benefit of the community appears in it as the last term of the very evolution of capitalism, and as the

consequence of the preliminary expropriation of the small producers by the great.

There remains the question whether it is true that, in all spheres of production and exchange, personal property, the independent producer's instrument of labour, tends to disappear before capitalist property, the salaried producer's instrument of exploitation.

CHAPTER I.

THE DECADENCE OF PERSONAL PROPERTY.

"That which belongs to oneself now belongs to others."—Lassalle.

THE characteristic types of personal property, the instrument of labour, which still continue in present-day capitalist societies are: the peasant proprietor, the artisan, and—in so far as he retains the ownership of his stock—the small merchant.

The peasant proprietor, farming directly with the members of his family, reproduces among us, in a way more or less adapted to modern conditions, the close domestic economy the rural community of the middle ages.

The artisan, owner of his instruments of labour, and himself selling what he manufactures, survives the urban economy, the trade-guilds of the communal epoch. As for the small retailer, the middleman, who to-day multiplies in almost all branches of production, we see him appear only from the moment when the progress of division of

labour and the extension of markets are favourable to his intervention in exchanges.

"It is since 1830," said de Greef,* "that trading wholesale and retail has especially developed. The active trading population rose in 1846 to 103,696 persons, a total which, from 1856, rose to 156,803; that is to say that the increase in the number of middlemen during this period has been more rapid than that of the population; while the latter increased by less than one per cent. per annum, the number of traders had increased by about five per cent. annually. Thus we see already that the development of capitalism and industrial concentration may have a set-off in the multiplication of small enterprises in other branches, and especially in commercial pursuits."

But we shall investigate to what extent these small enterprises really constitute the personal property of those who conduct them.

* We may estimate approximately from successive census returns the increase in the trading population of Belgium at the periods mentioned below:—

Year.	Members of Commercial Houses.	Active Traders.
1846	269,013	103,696
1856	335,915	156,803
1866	400,000 (?)	200,000 (?)
1880	523,000	244,244
1890	700,000	327,091

We see that the annual advance is no longer at the rate of five per cent., as in the first two periods, but a little over three per cent. only.

Peasant Proprietors.

It is necessarily in agriculture, the least differentiated of the great industries, that old forms of property and production are above all to be found. Such are the "communal lands" belonging to the communes, but appropriated to the individual enjoyment of the inhabitants; the *latifundia*, feudal in origin; the domains of the prince, which became the domains of the State; and finally that perfect form of personal appropriation, peasant proprietorship exploited in direct farming by the cultivator, aided by the members of his family, and producing almost all that is necessary for the needs of the household.

It goes without saying that in our countries, where capitalist production predominates, these conditions of life, when they exist, are already profoundly altered; to find them intact, with their purely sexual division of labour, we must go, for example, to the Slav communities of Eastern Europe.

"The Bukovinian peasant," says Karl Bücher, "usually performs in his own person, at the time of building a house, the work of the carpenter, of the slater and of other artisans; whilst his wife takes upon her the task of plastering its wattled partitions, or if the walls are of kneaded earth, of stopping the chinks in them with moss; of beating the soil which will serve it as a floor, as well as many other labours of this kind.

From the sowing of textile plants, or the rearing of sheep, to the making of his bedding and his clothes, the peasant of Bukovina produces everything, even the dyes, which he extracts from the plants that he cultivates, and the implements, naturally very primitive, which he needs. Generally speaking, it is the same with food. Painfully tilling his field of maize, he reduces, with the aid of a hand-mill, the grain into flour, of which under the name of *mamaliga* (a kind of meal) he makes his principal food. He himself constructs his simple implements of husbandry, the vessels and utensils of his household or his kitchen, or at least there is in the village some self-taught person who knows how to make them. In general he leaves to the gypsies, who live scattered over the country, the preparation of iron only."

At this stage of evolution exchange, currency, credit, capital, all the pretended eternal categories of bourgeois economy, are annihilated or nearly so.

But from the moment when Labour is divided, when the acts of production are detached, one after another, from the domestic economy, in order to be transferred to social production, peasant proprietorship — even when it is not suppressed, as in certain districts of England, by brutal and bloody exploitations—undergoes no less radical transformations

The development of industry in the towns annihilates home industry — bread - baking, wool-work, spinning, hand-loom weaving, for family needs—or else specialises it and transforms it into those home industries so miserably paid, which still vegetate in the high valleys of mountainous regions and in certain parts of the flat country.

The extension of cultivation, necessitated by the increasing demand for food products, in proportion to the increase in the urban and industrial populations, brings with it the prohibition of “commons”; the afforestation, the sale, or the division of the communal lands; the suppression, consequently, of prescriptive rights, so valuable for the working of peasant properties.

“The communal heaths,” said the deputies of the province of Luxemburg to the Belgian Chamber in 1847, “are the most secure resources of the poor inhabitants. They allow them to keep some head of cattle on the common pasture, and supply them with litter for these cattle and the thatch for their cottage, besides, in certain places, an allotment of lands which have been cleared of wood, and which procure them in part the food necessary for the subsistence of their families.”

Deprived of their communal lands, except in some regions where uncultivated tracts are still numerous, obliged to have some money to buy what home industry no longer pro-

duces, to pay off financial burdens more and more crushing, to pay hired helpers to replace their sons who have been dragged from home by the factory or the barracks, peasant proprietors, reduced to the mere condition of tillers of the soil, are obliged to produce exchange values, to restrain their personal consumption to the minimum, to eat lard and American bacon, whilst they sell their butter, their eggs, their cattle, their pork, either at the market in the next town, or to middlemen who too often take advantage of them and run them into debt.

Finally, when the development of international relations, the improvement of transport, the inroad of cereals and other over-sea products, expose agriculture to all the fluctuations of a world-wide market, agriculturists find themselves obliged to improve their tools, to better their technical skill, to change cultures which no longer pay, into cultures which still do pay.

The appearance of the country districts is modified. Grain loses its old preponderance. It gives way largely to industrial and market-garden cultures, to dairies, and to the rearing of fat cattle. Pasturage is changed into forced grass. Fallow land disappears. Drains and irrigations furrow the soil.

Only, in order to industrialise agriculture in this way, there is need of money, of capital, and the majority of peasant proprietors do

not possess it. Moreover, numbers of them are obliged to run into debt, to contract burdensome loans, to mortgage their goods, or to give up direct cultivation and to turn tenant-farmer.

This is in great part what explains the remarkable decline in peasant proprietorship in Belgium, since the agrarian crisis, and especially, in the interval between the census of 1880 and that of 1895.

In 1880, of 100 hectares of land in ordinary cultivation, 66 were worked under tenancy, as against 34 under direct ownership.

In 1895, the proportion of direct ownership was no more than 31 to 69.

Still we ought to take note of the fact that direct ownership and peasant proprietorship only retain their importance in the poorest regions, in the heaths of Campine, the lofty marshes of the Ardenne, the forest cantons of the Entre-Sambre-et-Meuse.*

* In Germany, to 5,276,344 holdings, there are 15·7 per cent. tenancies; 63·6 per cent. direct cultivation; 20·7 per cent. partly rented, partly cultivated directly. The area, which is rented, only amounts to 14·68 per cent. But "the proportion of rented land in comparison with what is cultivated by the proprietor himself appears actually to increase" [Blonsel. *Etudes sur les populations rurales de l'Allemagne*. Paris. Larose, 1897.] In France, according to the inquiry of 1892, out of a total of 5,618,317 holdings, there are 4,190,725 cultivating proprietors and 1,437,522 tenants. The general proportion of direct cultivation to indirect is in the ratio of 3 to 1. In England, according to Schæffle, there are six times as much land cultivated by

On the other hand, capitalist ownership and cultivation by tenant farmers prevail almost without division in the richest regions, so much so that a Conservative writer, de Lavallée-Poussin, could say "The development of peasant proprietorship goes on inversely to the selling value of the soil. Where land is at a high price tenancy is the prevailing system: a few owners cultivate their patrimony themselves, and the majority of peasants are farmers. The reverse is the case where land has little value, and the lower this value becomes the more does direct ownership tend to become the sole system."

Thus all the causes which tend to raise the value of land, the growth of population, the development of towns, the expansion of the industrial centres, the progress of intensive culture—tend equally to stimulate the divorce between ownership and labour, the replacing of direct cultivation and of personal property by indirect cultivation and capitalist property.

A necessary consequence of private ownership under a régime of capitalist production is the division of the proprietor-cultivator into two persons, the proprietor and the entrepreneur (Marx). Now, the

tenants as by owners. In this way the proportion of direct cultivation is much greater in Germany and France, where the agricultural classes still represent half the population, than in England and Belgium, where the industrial and commercial population form the very large majority.

moment this cleavage takes place, the exploitation of the worker begins.

It matters little from this point of view whether farming, on a large or a small scale, predominates.

In districts where capitalist agriculture—in the strict sense of the term—prevails, characterised by the distinction between landed proprietors, gentlemen farmers and farm labourers, the exploitation of labour is, as a general rule, even less excessive than in small farming countries, where the farmer is in reality only a piece-work labourer, reduced to the minimum subsistence point.

On this point it will be sufficient for us to appeal to the unquestioned testimony of Paul Leroy-Beaulieu. “The parcelling out of estates into quite small farms,” said he, “as in some very densely populated countries like Flanders and Terra di Lavoro (Land of Labour) in the kingdom of Naples, or with a starving population like Ireland, may be beneficial to the proprietors, but it is not devoid of social inconveniences, and sometimes also of economic disadvantages. The desperate competition of the small farmers raises rents at normal times to very high rates: the proprietor, thus finding an easy income and one which, in times of prosperity has a tendency to increase, takes no interest in his land. In this particular instance, the high rents are based upon the distress and the

scanty requirements of the tenants. This is what certain English writers have called 'Competitive rents.' "

Supposing then, as Sering is forced to maintain in his criticism of Kautsky's recent book that the progress of intensive culture generally has the effect of multiplying small and moderate-sized holdings—a point which we shall discuss later—still it would not have the effect of making the exploitation of farm labourers less severe and less unjustifiable. And, henceforth, the unquestionable result is the more or less rapid, more or less complete decadence of peasant proprietorship, wherever the capitalist régime is developing.

Then, even though they survive and escape being mortgaged, the family chattels, robbed of their primitive characteristics, stripped of their autonomy, incorporated in the vast organisation of production for exchange, pass under the sway of grain merchants, of millers, of sugar refiners, and other great lords of the agricultural industries.

Besides, in proportion to the increase in population, and especially in countries where inheritances are equally divided—when the "Zweikindersystem" does not come in with its demoralizing consequences—the holdings, being perpetually subdivided, more and more eaten into, or encumbered by compensation claims, rights of succession, rights of compulsory sale in order to avoid joint possession,

become so small as to be no longer sufficient to provide a livelihood for their owners.

One remembers the imprecations of old Clousier, Balzac's Justice of the Peace, in the "Curé de Village," against the title of succession in the Civil code. "This pestle, the perpetual play of which crumbles the land, individualises fortunes while depriving them of a necessary stability, and which, always dividing and never putting together again, will end by destroying France." It contributes, largely at least, to the destruction of peasant proprietorship either for the benefit of capitalist ownership or of small-holdings ownership!

In the first case, peasants are replaced by tenant farmers.

In the second, they find themselves obliged to seek other means of subsistence, which at first are subsidiary, and end by forming their staple resource. Some — and they are necessarily a not very numerous minority — open a small business. They become retailers, tavern-keepers, dealers in cows or poultry, dealers in manure.

Others, uprooted from their native soil, abandon to their wife or to their parents the cultivation of their plot of ground, and go abroad during the season of fine weather to engage in harvesting, bringing in the beet-crop, brickmaking, and a number of other occupations. They bring back in this way,

when autumn comes, some hundreds of francs, which allow them a livelihood during the winter.

Others again, while they keep a bit of land, which they generally have prepared by the nearest farmer, instead of working it with the spade as formerly, become hired labourers, industrial or agricultural. In Belgium especially, thanks to the proximity of the centres of population and to the institution of working men's trains, which convey them at a rate ten times less than that for ordinary passengers, there are daily more than 100,000 country people, amongst whom are many petty owners or sons of owners, who take train to go and work in the factories or coal mines, and often for incredible distances from their homes.

Some time ago, for example, we happened to be at Assche, a peaceful Flemish village, to the north-west of Brussels, more than 60 kilometres distant from the coal pits. Noticing, amongst the peasants, who happened to be on the square, attracted by the Socialists' bugles, several of their number, who bore on their faces, the blue scars caused by powder sparks, so characteristic of workers in the mines, we asked them whether they had formerly worked in the pits of the black country. "We work there still," they replied. We go every morning from Assche to North Brussels, from North to South Brussels, by the

belt route, from South Brussels to Charleroi, and return home every evening by the same route.

According to information which has been supplied to us by the department of railways, there are in the Brussels district, and especially in the Alost (East Flanders) district, thousands of workers who are in almost the same condition; ten hours in the pit, two hours train going, two hours train returning, and often, in addition, a long tramp to get back to the village. One asks oneself with dread what humanity is left in such lives, entirely absorbed in the struggle for bread, and yet in spite of everything, there are some men, like Prometheus, though they know it not, who bring back home the spark robbed from the Socialist altars, and kindle in the heart of the country districts the great flame of hope in a better future.

Artisans.

In branches of production apart from the main stem of agriculture, handicraft-industry, the dominant form of the economy of the middle ages, plays a rôle which more and more tends to become of secondary importance under the capitalist régime.

The artisan, proprietor of his means of production, working for the local market, himself selling to the consumer the products which he manufactures, is hardly to be found any longer except in regions and in branches of industry where there exists some obstacle to

the extension of the market, to the development of the division of labour.

This is the case, especially with rustic trades, with fancy goods' manufacturers, and with those of which the products, being subject to rapid alteration, do not bear carriage, and do not find on the spot a sufficient number of consumers.

"As a general rule," said du Maroussem, "it may be asserted that when markets are limited, confined to the immediate vicinity or to a not very numerous class of the population (*e.g.*, baking, very high-priced cabinet-making), small workshops owned by their masters remain in the majority. When, on the contrary, the markets increase and become national or international, the great workshops and "collective factories" (*i.e.*, home industries) divide the market between them; the latter continue so long as manual labour is able, by its cheapness, to struggle against the progress of machinery.

"Conformably to these data, we can still find the small industry in the food-supplying groups: bakers, pastry-cooks, confectioners, fleshers, pork-butchers; in the groups of textile industries and the manufacture of cloths: lace-makers, tailors, sempstresses, fancy linen shopkeepers, milliners; in the leather industries: morocco-tanners, sheath-makers, pocket-book makers, etc.; in wood-working, almost the whole group of cabinet-making, fancy-

turning, etc.; in a part of the working of metals, whether common or precious."

But in these very branches of production, the personal ownership of the means of labour, the autonomy of the producers, the individualist organisation of the workshop, and oftener still, of the business house, tend to disappear.

Sometimes it is large production which makes a breach in handicraft industry, the mill and the factory which compete successfully with it; the machine bakery supplants the baker; the furniture manufactory supplants the master cabinetmaker, or brings him under its power.

Sometimes by a very frequent transition to the factory-system, the old processes are maintained side by side with, or to the exclusion of the new. Manual labour continues; the small master retains his workshop, alone, or with his family, or with one or two assistants; but in consequence of the extension of the market, a middle-man slips in between the producer and the consumer; handicraft-industry is changed into home industry, into a "collective factory."

From the technical point of view nothing, or hardly anything is changed. From the social point of view, there is a complete revolution: instead of independent producers, working on their own account, disposing of the entire product of their labour, we find

ourselves in the presence of proletarians, working in the interest of a capitalist, of a bonder, who centralises the sale of products, and supplies them very often with designs, raw materials, sometimes even with the implements or machine-tools used by them.

And, in our day, this retrogressive development of handicraft industry has become so general in character that our time has actually been called "the century of the workshop and the collective factory."

All home-workers, of course are not former masters who have sunk into the proletariat. Schwiedland, in his numerous studies on the collective factory, shows very well that home-industries can arise spontaneously, directly, without having passed through any other form, or can be derived, not merely from handicraft industry, but from all the previous forms of capitalist production.

"The decomposition of the handicraft industries of the towns is," said he, "in general, the chief point in the formation of the collective factory amongst urban populations. But the decomposition, or the transformation of handicraft industry is not confined to the town, any more than the evolutionary development of the home-industry is confined to the transformation of the handicraft industry. All forms of industrial production have undergone this transformation into a collective factory. In the villages, in

the hamlets, in the farms of the peasants we see home-labour (home manufacturing industry) leading to the "collective factory." It is the same with work for wages (day-labour), which to an equal extent was formerly of capital importance as a mode of production; and even the most modern system of exploitation, the factory, is being transformed, in the opinion of several, into the collective factory."

The examples of this last class—which mark a turning backwards, a retrogression to lower forms—are at least doubtful, and assuredly exceptional. It frequently happens, on the contrary, that the collective factory finds its origin in the capitalist transformation of home-labour or day-labour.

This is the case, for example, with straw-plaiting in Tuscany, and in the valley of the Geer, with the toy manufacture of Oberland von Meiningen, the lace-making of Flanders, the clog-making of the Waes country, and almost everywhere, with the spinning of thread or of wool.

Thus, by the side of the old "master-workers," the cutlers of Namur, the cabinet-makers of Paris, the *canuts* of La Croix Russe, who weave marvellous silks on their dainty looms; employers, who have been made servants; tailors, shoe-makers, weavers, cigar-makers, who still toil in their own workshop, but in the interest of the capitalist, we find a multitude of home-workers, of

people working in their own rooms, of people toiling at home, who have been directly regimented by the manager of the concern, or, at least, have never passed through the craftsman stage.

Besides, whatever be the origins of home-industry, its invariable characteristic is the dependence of the workers with regard to the disposal of the products—dependence which generally involves the economic prosperity of the entrepreneur, and the distress or, if they have still anything more to lose, the ruin of the producers whom he employs.

Permanent depression of wages, forced spells of unemployment during the *dead* seasons—the seasons when people die—forced labour during periods of pressure—such is almost always, and especially since the machine has come and entered into competition with him, the miserable lot of the home-worker.

He remains master of his own time, people will say: no rules to restrain him: no overseer to watch him. But what matters the absence of an overseer to those who have hunger for warder; the absence of rules to those for whom, working without respite, “the nights are the partners of the days.”

Would not that sempstress in her room, shown us by a picture of Steinlen (“The Joys of Summer”), putting out her lamp when the first gleams of dawn enter her attic, and

greeting the divine splendour of the morning sky with these bitter words, "at last the season is here when I shall be able to save three hours of petroleum a day," be much better to work in a factory, confined at tasks laborious, but limited by the law and the factory regulations?*

Nowhere, perhaps—save by the fireside of the peasants, working for some emporium—are wages so low, working days so long, capitalist exploitation so shameless as in these "domestic workshops" of the large towns, which, in official statistics, count as so many distinct and independent concerns. It will be enough for us to recall the horrors of the sweating system in East London, in the "stews" of New York, in those innumerable sweating-dens, where whole families, living

* "Before the law of 2nd November, 1892, on the labour of women and children, the ten-hour day very often marked the dull season, and the day of 12½ hours the rush season. Sometimes even, owing to the imperious whims of clients, the indifference of employers, and the partiality of forewomen, one might point to a record of 44 hours in 3 days (12 h.—20 h.—12 h.). The time books comprising daily details of 8 years of women workers enable us to estimate the maximum of several well-known establishments. Here and there there are days of 16 hours, but the highest weekly return seems to be 77 hours. As for the second "spell of work," the spell which certain workwomen can impose upon themselves at their own homes, these time sheets make no mention of them. This is an eminently sad aspect of "home-work,"

in promiscuity and filth, are worn out with fatigue in a poisoned atmosphere.

For let us not forget—and this consideration, doubtless, will be of a kind to touch the philanthropic admirers of domestic labour—these homes of misery for the producers are also homes of misery for the consumers.

“It is unquestionably,” said the hygienist Fanquet, “by the medium of manufactured articles that the most numerous relations are established between the different classes of society, and seeing the contamination of the products of domestic labour, we should not congratulate ourselves on the fact that this labour permits the father and mother of the family to watch by the side of their sick child while continuing their work.” The isolation of these invalids is not practicable, and at the houses of these poor people the garments which in the course of work are gladly used as coverlets, are particularly suited to receive and to retain the germs of contagious diseases.

Doubtless it would be blackening a picture, gloomy enough of itself, to attribute these dangers, these abuses, these fatal consequences, to all forms of home industry. The glove-worker, for example, protected by a rigid trade union organisation,* which recalls the old trade-guilds, as yet does not know the distress of the shoemakers and tailors. But it remains none the less true that, in the

This, of course, refers to Belgian conditions.—[ED.]

majority of cases, workers in their rooms are ill-treated to a greater extent than factory workers, and what we have just said of labour in the towns applies equally, and sometimes with an aggravation of misery, to domestic industry in the country districts.

"It is there," said a Liberal deputy to the Parliament of Vienna, "it is there that pauperism multiplies in proportions far greater than those of the small industry (of the towns); it is there that the day reaches 18 hours, without bringing the worker anything more than potatoes; it is there that anæmia and infection overrun whole valleys."

If, then, the collective factory, or to be more exact, collective manufacture, succeeds in maintaining itself; if it resists, in spite of its technical inferiority, the formidable competition of the centralized factory, it is at the price of a profound degradation and demoralization of the workers whom it employs. We should, therefore, desire and even favour by legislative measures, the transition of these degenerate forms of individual production into the superior forms of production in common.

Minds inclined to optimism may hope that this transformation will be the work of co-operative societies, grouping the home-workers, and finally acquiring a sufficient outfit of tools to struggle successfully against capitalist industry. But in the cases, infinitely

numerous, alas ! where such hope appears absolutely chimerical, we should still have to consider it a real technical and social advance that the exploitation of home-workers by the capital of the merchant should give way to the exploitation of the workers in the shop or factory by industrial capital.

Small Retailers.

In spite of the extension of the great warehouses, the prodigious development of which, disastrous for the shops in the neighbourhood, Zola, in *Le Bonheur des Dames*, has described in so masterly a fashion, the number of small retailers, small tradespeople of every kind, far from being reduced, seems, according to official census returns, constantly to increase.

At the last meeting of the Verein für Sozial Politik (Breslau, 1899), W. Sombart maintained, with figures in support of his statement, that their number increases more rapidly than the population.*

For one of them which disappears, ruined by the capitalist emporiums, there are ten which appear in other branches, in other localities, in country districts, or in the suburbs of great towns.

They are usually old servants, workpeople

* The census of the different professions in the German Empire for 1882 gives 1,364 merchants to 100,000 inhabitants; that of 1895 gives 1,502. In many towns the proportion has since 1870 almost doubled.

who are disposing of some savings, or else artisans whose position has deteriorated ; and in the villages farmers who (totally or partially) are giving up farming.

To this must be added a great number of business employees, who, happening to be without a situation, or wishing to marry, set up on their own account, often with resources manifestly insufficient. The possibility of obtaining goods on credit too easily, as a result of competition, leads to the invasion of certain branches of business by concerns without stability, which spring up, especially at periods of crisis, like mushrooms after rain, to disappear at the end of a year or two, when the inevitable crash takes place.

In short, petty trading is, par excellence, the refuge of the cripples of capitalism, of all who prefer the meagre gleanings of the middleman to the hard labour of production ; or who, no longer finding a sufficient income in industry or agriculture, feel the need of adding a string to their bow by opening some shop. This is what explains, notably, the multiplication, the increase of retail drinking shops, of inns of every kind, the easiest and the least costly to establish of all businesses.

But it would be a serious mistake to suppose that these petty concerns, which official statistics return as distinct enterprises, can be in general considered the personal property of those who exploit them. There is a great

number of them, a number, too, that increases in proportion to the development of the capitalist régime, who have only the shadow of independence, and are, more or less directly, in the hand of some great money-lenders, manufacturers and merchants.

With very rare exceptions, almost all the breweries of any importance, with a view to selling off their produce, have a greater or less number of taverns,* and even—in Belgium—Socialist Maisons du Peuple! And as experience soon showed that, in order to make these taverns pay, the sale of gin was much more profitable than that of beer, a number of brewers have become wholesale spirit merchants.

Herein lies the explanation of the fact, paradoxical apparently, that recently in Bruges the brewers energetically demanded the abolition of the license duty imposed only on the retailers of distilled liquors, whereas at first sight they seem to have every interest in measures the object of which is to restrain the consumption of gin, and consequently to encourage a greater consumption of beer.

The contrast between the real situation and the apparent situation existing in the retail liquor trade, as regards the degree of capitalist concentration is also to be found in equal degree in many other branches of retail trade.

In Dutch towns, for example, most of the

* "Tied houses" in this country.—[ED.]

bakeries are only agencies supplied by capitalist factories.

In London, Macrosty in an article in the *Contemporary Review* (March 1899) declares that "the cheap restaurants are in the hands of four or five firms." The milk trade is in the same condition. The drug and cigar businesses are undergoing an exactly similar fate : a single company owns 100 branch shops for the sale of cigars.

To sum up then, the innumerable business concerns which figure in the official census returns may be classified under three heads.

(1) Those which, while constituting units for statistical purposes, are only agencies, branch establishments of great capitalist or co-operative concerns.

(2) Those which only bring in the owner a supplementary income to help out his wages.

(3) Lastly, those which really form independent concerns, the stock of which is the personal property of the small retailer.

Now, if the total number of business establishments is certainly on the increase, it is much less certain that the exploitation carried on by this last kind of concern, the only one which interest us from the point of view of the union of property and labour, is tending to multiply.

No doubt their number is increasing with the specialisation of different occupations, and

in fields where the economy of exchange is developing at the expense of the domestic forms of production.

A village of this kind, once exclusively agricultural, the inhabitants of which baked their bread and bartered their butter and their eggs for goods at the "merchant's" in the next town, now has its bakery, its grocery, or at least one of these miscellaneous stores, where yard sticks and colonial produce, sauce pans and almanacs, blacking and red herrings, corsets and straw hats are on sale at the same time. But if in rural neighbourhoods commercial differentiation is more and more at work increasing the number of shops, in city populations on the contrary, the development of co-operative stores, and especially of emporiums, of great warehouses, some of which like the Bon Marché or the Louvre employ several thousand hands, inflicts on the small retailers an injury, which at first is interpreted by the reduction of their profits, then in certain branches by the reduction of their number.

Nevertheless there is no doubt—and this is one of the most serious inconveniences of the existing régime—that the small retailers retain a numerical importance out of all proportion to the services which they render to the consumers.

What striking examples have not been given of the cost to the public of the

parasitism of middlemen—from the Normandy apple, sold 60 times dearer in Paris than in the place where it is produced, to the litre of wine from the south, which brings in 15 centimes to the owner of the vines and is bought for 70 or 80 centimes at the retailer's. Again, and finally, you might read in the pages of the *Economiste Francais* that the average price for 50 kilos of coffee, which in 1893 reached 103 francs, had fallen to 39 francs in 1899. Now this fall of two-thirds has not had the smallest reaction on the retail prices; the middlemen alone have profited by it. Brazilian coffee which does not cost in France, when all charges are paid, more than 2 fr. 50 per kilo is readily sold at 4 to 5 francs retail, and yet its purity is not always perfect. The profits of the middlemen therefore are a heavier encumbrance to this article than the custom-house.*

Besides, in spite of these profits, so burdensome to their circle of customers, the small retailers are so numerous that especially in branches encroached upon by retail trading, there are thousands of them on the threshold of bankruptcy. As Charles Gide justly remarks, if each baker only bakes one sack of flour per day, and if, out of this sack he has to live, pay his rent, his taxes, his assistants, he

* On the relations existing between wholesale and retail prices see Newman's *Wholesale and Retail Prices*. [*Economic Journal*, Sept. 1897.]

must increase the price of each loaf and still he will have a wretched living. This it is precisely which proves that the mechanism is abominable, and which justifies the severe condemnation already pronounced by the socialists of the phalansterien school upon the useless multitude of small retailers.

"The only use of commerce," said Considerant, "is to serve the needs of production and of consumption." It ought to be the handmaid of the other two branches. Its part is subordinate. Unproductive by its own nature, it adds nothing of itself either in quantity or in quality to the articles which pass through its hands. Its operations should be executed with the smallest possible number of agents. Now this can only be realised by an administrative organisation which puts the producer in direct communication with the consumer, and which suppresses all the extortionate, sponging, parasitic middlemen.

Summary and Conclusions.

To sum up, in spite of the increasing predominance of the capitalist organism, there are still to be found in actual societies numerous and important remains of former social organisms, of pre-capitalistic forms of production.

Peasant-proprietorship, handicraft-industry, small-scale private trading are not on the eve of disappearing; and wherever they survive,

realizing the union of ownership and labour, socialism has no thought whatever of using compulsion to socialize them.

But however numerous may be the evidences of ancient epochs in certain countries, certain regions, and certain branches of industry, it remains none the less true that, as a general rule, the development of capitalism tends to eliminate independent producers, to take away their capital, or at any rate by bringing them into subjection, to take away their original independence.

From the moment when the market has a sufficiently wide range, the advantages of the master's eye, of manual skill, of zeal for work stimulated by the direct and personal interest of the producer, are no longer sufficient to set against the superior productive advantages of division of labour, of exact knowledge of the markets, of the setting at work of more abundant capital. With all the greater reason then is this the case in the branches of production, always increasing in number, in which progress in technology lays the foundation of the reign of the machine.

Nothing is more striking in this respect than the valuable American investigation of 1898 into the comparative productivity of manual labour and machine labour.*

These researches, truly admirable in their

* *Hand and Machine Labor*. Thirteenth Annual Report of the Commission of Labor, 1898. Washington, 1899.

precision, related to 672 kinds of products, industrial or agricultural. Each kind is minutely analysed, in Carrol D. Wright's report, from the quadruple standpoint of the number of workers, of operations, of hours of work, and of dollars paid for labour necessary to turn out the same amount of produce (1) by hand, (2) by machine.

Let us confine ourselves to quoting some typical examples, which show in a striking manner the astounding superiority of machinery.

1. Making 10 carts.

By hand: 2 workmen, performing 11 distinct operations and working in all 1,180 hours, paid 54 dollars 46 cents.

By machine: 52 workmen, performing 97 operations and working in all 37 hours 28 minutes, paid 7 dollars 90 cents.

2. Making 500 lbs. of butter.

By hand: 3 workmen, 7 operations, 125 hours, 10 dollars 6 cents.

By machine: 7 workmen, 8 operations, 12 hours 30 minutes, 1 dollar 78 cents.

3. Making 1,000 stem wind watch movements.

By hand: 14 workmen, 453 operations, 241,866 hours, 80,822 dollars.

By machine: 10 workmen, 1,088 operations, 8,241 hours, 1,799 dollars.

4. Making 500 yards of twilled cottonette.

By hand: 3 workmen, 19 operations, 7,534 hours, 135 dollars 61 cents.

- By machine* : 252 workmen, 43 operations,
84 hours, 6 dollars 81 cents.
5. Making 100 pairs of cheap boots.
By hand : 2 workmen, 83 operations,
1,438 hours, 408 dollars 50 cents.
By machine : 113 workmen, 122 operations,
154 hours, 35 dollars 40 cents.
6. Making 1,000 pounds of bread in
1 pound loaves.
By hand : 1 workman, 11 operations, 28
hours, 5 dollars 80 cents.
By machine : 12 workmen, 16 operations,
8 hours 56 minutes, 1 dollar 55 cents.
7. Making 12 dozen men's jackets.
By hand : 1 workman, 4 operations, 840
hours, 50 dollars 40 cents.
By machine : 11 workmen, 8 operations,
97 hours 15 minutes, 12 dollars 80.

Such figures need no comment. They trace in strokes of fire the inevitable destiny of master tailors, shoemakers, weavers, bakers, watchmakers, and other artisans who do not produce specialties or fancy articles.

In spite of the desperate efforts of the lower middle-class to retain some semblance, if nothing more, of independance, manual production for all objects of current consumption is being more and more wiped out before machine production which brings into subjection an increasing number of wage-workers.

In Germany, for example, from 1882 to 1895 the number of independent producers in

industry properly so called decreased by 139,382, whilst the total number of industrial workers increased by 861,468.

If we now take into account all industrial, commercial, and agricultural occupations, there is, since 1882, an absolute increase in the number of producers who are independent or profess to be so; but while this increase is only at the rate of 5 per cent. for independent producers, it is at the rate of 20 per cent. for workmen and of 100 per cent. for employers. More than three-fourths of those who have newly entered into the life of labour belong to the working class, and even in the sum total of the various occupations, the proportion of employees and of workmen increases perceptibly at the expense of the independent producers.

Here is the conclusion arrived at in the following table, which we borrow from M. Rauchberg. Out of each 100 persons at work in the German Empire from 1882 to 1895, there were calculated to be:—

	Independent Producers.		Workmen and Employees	
	1882.	1895.	1882.	1895.
Agriculture	27.78	30.98	72.22	69.02
Industry	34.41	24.90	65.59	75.10
Commerce	44.67	36.07	55.33	63.93
	32.03	28.94	67.97	72.06

Thus in spite of the reduction in the number of agricultural labourers and of permanent

day-workers who have been dragged in by the "octopus-like" towns the relative importance of the proletariat goes on increasing.

Are we then to say that by the law of destiny and inevitably, all independent producers are condemned, in a future more or less close at hand, to be metamorphosed into wage-workers, to pass one by one all the stations of the capitalist calvary? Such is not our idea.

We have elsewhere said that evolutions of a very different kind may be imagined, that personal property may be changed into co-operative or social property without necessarily having to pass through the capitalist phase.

On the other hand it clearly appears that, in a great number of branches, if personal property tends to disappear, the superior forms of capitalist production—notwithstanding the advantages which they present from the point of view of a rational exploitation—are hardly in a condition to eliminate the inferior, stagnant, wretched forms of home industry, of farming in small lots, of retail trade.

Begotten by capitalism, the parasitism of middle-men, the barren luxuriance of fancy trades, the scandals of the sweating-system, the reduction into tiny atoms of small plots of land with owners possessed of 15 to 25 centimes income, seemed destined to last as long as the capitalist regime itself.

Perhaps also certain branches of independ-

ent production, certain relics of peasant proprietorship are fated to survive it. In fact there is nothing to prevent us imagining a socialist state, in which individual ownership and labour would co-exist with collective ownership and labour.

But, however that may be, the certain fact is that in the principal industries, those which correspond to the most general and the most widely extended needs, the productive superiority of machine work and of exploitation on a large scale, tend to the eviction of personal property and of isolated property. And the same causes seeking their effects, the capitalist forms of production and exchange, which at present characterise the world of labour, manifest, as we are about to see, a growing tendency towards concentration and socialisation.

CHAPTER II.

THE GROWTH OF CAPITALIST OWNERSHIP.

"Monopoly becomes more and more bloated until finally it bursts."—Proudhon.

To the first phases of the concentration of capital—expropriation of independent producers, transformation of handicrafts into factories, collective or centralised, replacing of *manufacture* by *machinofacture*, succeeds a new phase, characterised by the struggle of the great capitalist against the small.

In the most highly-developed branches of industry and commerce the number of enterprises grows less in proportion to the increase in the importance of those which survive. Association of capital succeeds isolated capitalists: it is the reign of joint-stock companies and of coalitions of companies, syndicates of manufacturers—cartels, pools, trusts—ending in the formation of colossal monopolies, national or international.

Joint-Stock Companies.

Joint-stock companies are found to-day in

almost all branches of industry, and yet at the end of the 18th century, Adam Smith, in a celebrated passage, used with respect to them the same language which is to-day applied to those who predict the socialisation of the great industries. "The only trades," said he, "which it seems possible for a joint-stock company to carry on successfully, without an exclusive privilege, are those of which all the operations are capable of being reduced to what is called a routine, or to such a uniformity of method as admits of little or no variation. Of this kind are (1) the banking trade; (2) the trade of insurance from fire and from sea risk . . . ; (3) the trade of making and maintaining a navigable canal; and (4) the similar trade of bringing water for the supply of a great city."*

Banking, insurance, management of navigable water-ways, the trade of supplying drinking water are so many industries which are already transformed or will not be long in being transformed into public services, whilst the domain of joint-stock companies extends far beyond the narrow limits assigned to it by Adam Smith.

So true is it that the Utopia of to-day often becomes the reality of to-morrow. So it is not without profit to remember that the arguments levelled at capitalism are exactly

* *Wealth of Nations*, Book V., chapter I, Part III.

those which were formerly urged against joint-stock companies.

At the time when a certain number of joint-stock banks were established in England, an Englishman of experience, himself a banker, Lord Overstone, expressed doubts about their success from motives which recall in a striking manner present-day objections to State banks. "I believe," he said, "that everything which is necessary for the management of banking affairs, except it be a more divided responsibility, is wanting in joint-stock banks. Banking affairs require the constant daily presence of persons particularly attentive to all details, who watch carefully hour by hour over all its concerns—a thing which no other business demands. There is need also of prompt, immediate decisions, whatever be the circumstances which present themselves, and in many cases these decisions are of a nature so urgent that it is almost impossible to defer them for deliberation; besides, each particular circumstance demands different treatment. Joint-stock companies will be obliged to entrust their interests to agents who will have to be bound by certain general rules; these agents will not have, like the individual banker, the power of acting in accordance with the imperceptible gradations presented by the character and responsibility of the parties; none the more will they be able to take upon themselves to regulate the credit

which it is well to grant to houses that are temporarily embarrassed, because they will not have the means of ascertaining with so great certainty the favourable or unfavourable conditions presented by each transaction.”*

In spite of these observations, so conclusive at first sight, joint-stock banks, thanks to the superiority which a very large capital gives them, are to a greater and greater extent outdistancing the more modest individual houses. In 1896 there were in England 102 joint-stock banks with 2,695 branch establishments and agencies, £455,000,000 in deposits, and a total capital of £43,000,000. On the other hand, the private banks had fallen in number from 201 in 1844 to 38, with £70,000,000 in deposits, and a capital not amounting to £12,000,000.†

The same evolution shows itself elsewhere in all industrial countries, as in all the chief branches of production and exchange. Everywhere the joint-stock company and large-scale industry are developing at the expense of private firms and of small-scale production.

That, according to all evidence, is the result for the German Empire of the comparison of the industrial census returns of 1882 and 1895.

* Quoted by Leroy-Beaulieu. *Traité d'Economie Politique* IV., p. 499 (Paris, 1896).

† On the causes of capitalist concentration in the banking industry, see Steele's *Bank Amalgamations* (*Economic Journal*, December, 1896).

In England, according to the "Joint-Stock Year Book," the number of joint-stock companies has almost trebled since 1895. Whole industries have passed from the individual form to the corporate form. This was the case, in particular, with the brewing trade, the almost complete transformation of which was effected in the space of three years (1886-1889).*

In the United States, the bulletins published by the Department of Labour reveal identically the same tendencies. In the State of Massachusetts, for example, the number of private firms in the sum total of industries has only increased by 9.33 per cent. during

* See in the Fortnightly Review, May, 1900, J. B. C. Kershaw's interesting article, *Joint-stock Enterprise and our Manufacturing Industries*. Among the causes of the transformation of a great number of private forms into corporate concerns, the author mentions (1) the entrance upon the scene of professional promoters; (2) the decrease of profits during economic depression: many manufacturers, finding that the period of huge profits was over, endeavoured to float the concerns out of which they had taken the best part; (3) the growing power of the Trade Unions: the captains of industry realised that the best way to prevent the public showing itself too favourable to the claims of the working classes was to increase the number of bourgeois interested in business concerns. "A large and increasing proportion of the great public is now financially involved in all the struggles of capital and labour, and our manufacturers are certain that the danger of seeing the workers supported by a solid and enthusiastic movement of opinion, in their claims for shorter hours of work and higher wages, no longer exists to-day" (p. 821).

the decade 1885-95, whilst for companies of shareholders the increase has exceeded 77 per cent.

In the nine principal industries, which by themselves alone represent more than 47 per cent. of the total value of manufactured goods the development of the corporate form is accompanied by a perceptible reduction in the number of private firms.* This will be inferred from the table given opposite.

It follows from this very table, which refers to one of the most industrial states in the globe that the concentration of capital operates with every unequal intensity in different branches of production.

But in every place to which capitalism penetrates the struggle for existence between the various enterprises makes its appearance. Those which are least fully equipped resist with the energy of despair. They put forth superhuman efforts to escape bankruptcy, and in order to make up for their technical defects, they pay less for hand-work and prolong the duration of labour beyond the limits allowed by humanity.

* The Annual Statistics of Manufactures, 1897, 12th Report in the *Bulletin of the Department of Labour*, September, 1899. Washington, 1899.

Industries.	Private Firms.	Companies	Combinations Railways Syndicates	Total Concerns	Partners in private firms.		Shareholders.	
					Number	Percentage of increase over 1885.	Number	Percentage of increase over 1885.
Boots and Shoes ...	1990	84	—	2074	2645	a 12.82	1023	145.91
Carpets ...	5	9	—	14	7	a 83.33	1067	13.87
Cotton ...	43	145	—	188	72	a 25.77	22113	52.93
Leather ...	180	20	—	200	b 780	a 10.55	c 391	637.74
Machines and parts of Machines...	500	153	7	660	712	a 5.94	5223	194.92
Metals and Metal Ware ...	2161	147	1	2309	2549	a 21.23	3935	42.26
Paper and Paper Goods ...	68	91	1	160	123	a 25.90	1663	39.98
Wool ...	121	45	—	166	190	a 24.00	1263	35.04
Dyed Wool... ..	17	14	—	31	36	50.00	497	104.53
Other Industries ...	19494	917	52	20463	23256	17.36	20011	27
Total	24579	1625	61	26265	30370	7.34	57191	33.84

(a) Decrease. (b) Including 478 partners of private firms in the saddle and harness industry.
(c) Including 113 shareholders in the saddle and harness industry.

At this stage of development production is absolutely anarchical and the irresponsibility of individuals appears in a striking manner.

A political event happening at the other end of the world, a war, a bad crop, a revolution in technique, a change in the system of taxes or customs duties, may from one day to the next ruin the most intelligent and the most cautious manufacturer.

The Boers besiege Kimberley. It is a disaster for the diamond cutters of Amsterdam or Antwerp.

Raw American cotton rises 30 centimes a kilo (Nov. 1899). The spinning mills of the cotton industry are involved in a serious crisis in the midst of general prosperity.

The protectionist policy of M. Meline prevails: the vine growers of Hoeylaert-lez-Bruxelles, the chief purveyors of forced grapes for French tables, see their principle market closed.

Suppose that to-morrow the continental countries abolish the excise duties and the export bounties which they allow sugar manufacturers, compelling us to pay twice as much for this product, as the English who buy it from us. It spells ruin for the English biscuit, preserve, syrup, and marmalade manufacturers, who profit by the sale of sugar at very low prices on the London market.

Suppose, on the contrary, that the Anglo-Saxon imperialists in order to protect the

manufacture of cane sugar in the colonies impose severe import duties on the beet sugar manufactured in Europe. It is the ruin of the sugar industry on the Continent.

The capitalists, therefore, live under the perpetual menace of unavertible disasters, and, to put the finishing touch to our industrial anarchy, it constantly happens that the most powerful among them, those who have the most "pluck," try to make themselves masters of the field, to destroy the capital of their competitors by selling their products below net cost for some time. For instance, there is the well-known story of the two American companies, which sought to monopolise the transport of cattle by a rate-cutting competition. Finally, reports engineer Stévant,* one of them not being able to lower prices any more, bought up all the cattle of the district that it could lay its hands on and had them conveyed by the rival company.

It is by recourse to similar methods that J. D. Rockefeller—one of the oil kings—succeeded in getting possession of the iron mines of Lake Superior. Having acquired the richest beds and employing the most improved technical processes, he engaged in a formidable competition with the neighbouring mines. If they succumbed in the struggle he bought them in at low prices if they appeared

* *Bulletin of the Association of Engineers of the School of Liege*, 1898, p. 106,

rich enough for him. If they resisted too long he applied to them the process of "under selling"; he sold below market price, forcing them in this way to lower their prices in a manner ruinous to themselves, until bankruptcy or voluntary submission brought them to his feet. As for him, he could afford without difficulty to lose for several months, if necessary, on every ton of mineral sold. He had the longer purse; he knew that his competitors' would be exhausted before his own.

Moreover, such modes of action—in different degrees of brutality—constitute the current coin of the relations between capitalists.

Perhaps it will be said that the consumer profits by it. "Corsairs against corsairs, attacking each other, do not succeed!"

Yes, until the time when the conquerors having got rid of their rivals redeem their temporary losses—and more than redeem them by making the public pay the expenses of the contest.

Competition, says Proudhon, kills competition. Sooner or later comes a moment when the inconveniences of this state of things, of this permanent anarchy, become so great that the capitalists are forced to put an end to it by agreements between the producers. When there remains no more than a small number of well-armed competitors, arrayed against each other, like irreducible units, they make up their minds to come to terms, to

cease a useless and burdensome contest, to compound with those whom they would not succeed in crushing.

It is then that a new phase of capitalist evolution begins: the régime of cartels and trusts.

Capitalist Monopolies.

The passage from anarchy to monopoly presents two successive stages: one of incomplete fusion (cartels, rings, pools), the other of complete fusion (trusts) of manufacturing or business concerns.

I. Cartels.

The cartel is a coalition, voluntary and by agreement, entered into by entrepreneurs in the same department of business with a view to monopolising the market in common, while preserving a greater or less autonomy for their enterprises. Passing from the most simple to the most complex, we may distinguish four kinds of cartels. Price cartels, production cartels, market cartels, profit-sharing cartels.

Price Cartels.

The price cartel is the most rudimentary form, and is the alliance, the convention, by which a certain number of manufacturers, or the whole number of manufacturers in the same branch of production, agrees to buy raw material at a uniform price, or to sell manufactured articles at a price agreed on.

As an example of a purchase cartel, we may cite the sugar refiners, who impose on the farmers a single price for the supply of beet-root. As for sale cartels, for some years they have been growing more and more numerous especially for bulky products costly to transport and which therefore cannot be sold to advantage outside a certain radius. The producers profit by this and raise their prices without having to fear the intervention of manufacturers who are too far away to enter into effective combination with them. For example, there is nobody who does not know about the coke and coal cartels which at the present time exist in all countries. In Belgium especially the understanding between all the collieries has for many years been complete so far as domestic coal is concerned. As for soft coal, that black bread of industry, the coal companies have recently formed syndicates, whose domination, burdensome as it is, weighs heavily on the rest of the industrial world.

It was necessary in order to humble the excessive pretensions of the "cobble magnates" that the governing body of the railways should decide to lay orders in England and—characteristic sign of the times—that the Senatorial Commission on industry, in order to prevent a repetition of such occurrences, should approve the exploitation by the state of a certain number of coal-pits.

Production Cartels.

The production cartel is that by which the captains of industry bind themselves to reduce their product at a rate agreed upon. This form of cartel is frequently to be met with in the glass industry, the sugar industry, and distilling.

In the course of November, 1899, the production cartel formed by the cotton spinners was successful in grouping together 760,000 spindles out of a total of 886,000 to be found in Belgium. "With a view" let us quote from the *Revue de Travail** "to remedying the crisis produced by the depressing influence of a stock abnormally swollen and to avoid a stop in the manufacture, a stop which would force itself upon them in a future more or less near, the Cotton Association of Belgium has decided that a large number of spindles should go on "short time" in a part of the factory so as to reduce production by one sixth."

Agreements of this kind are the logical consequence of price cartels, and indeed the condition without which they cannot be permanent; so long as production is not limited, agreements with regard to prices cannot be lasting.

Moreover, in a general way, one may say that the consolidation of industrial agreements, which is constantly threatened by

*December, 1899, page 1293.

external competition or internal treachery, is almost always subordinated to the advance from the most simple forms to the most complex.

Market Cartels.

The market cartel does not confine itself to fixing prices and limiting production, it is specially characterised by the sharing of custom and orders within geographical areas. "Spheres of influence" peculiar to each manufacturer are established, the latter can do what he pleases in his own district, but he must not encroach upon his neighbour's.

The most remarkable type of this form of cartel, more and more prevalent especially in the coal and metal industry, is the Rhine-Westphalia coal syndicate. Whoever wishes to buy directly or indirectly Rhine-Westphalia coal, finds himself face to face no longer with competing companies, but with a single company specially charged by the syndicate with the execution of the order in question. There is, therefore, a sharing of orders according to their source; but there is not yet—what we shall find in the most developed forms of cartels—a sharing of profits.

Profit-sharing Cartels.

Profit-sharing cartels, known in England and the United States by the name of pools, allow the concerns to remain separate, and permit a certain autonomy to their members,

but the profits are distributed *pro rata* to the capital employed by each.

As a type of this form of syndicate, we may cite the Dynamite Trust Co, which has amalgamated the majority of the English and German dynamite factories, and concluded an agreement (relative to the division of profits) with the other dynamite and gunpowder factories situated in these two countries.

In this kind of cartel, the socialisation of industry is almost complete; but however powerful, however rigidly organised these huge factories may be, the possible competition of new companies, together with internal dissensions, remains always the stumbling-block in their way, and, especially in the commercial branches where the greater part of the capital is floating instead of being in the form of fixed capital as in manufacturing, such competition may spring up from one moment to the next. So it is necessary to oppose to these contingent competitors an organisation so compact, a capital so powerful, that the destruction of new enterprises may be always possible.

II. *The Trusts.*

We thus arrive, by imperceptible transitions, at the moment when the cartels, more or less complex, culminate in trusts, that is to say, in the fusion of associated enterprises.

Everyone knows that henceforth this is the

dominant form in the United States, where the development of capitalism has not met the obstacles put in its way in Europe by the ruins of former social structures.

"Everything is more and more organized into trusts," said a Chicago citizen to Paul de Rousiers, who was collecting documents and evidence for his book on the monopolized industries in the United States. "See these immense Departmental Stores which sell kitchen utensils and shoes, furniture and linen ; they are killing small trading, rendering competition impossible, and reducing to the position of employees individuals who could have directed an independent business. See these colossal structures in iron and brick, business buildings twenty storeys high, in which thousands of offices, counting-houses, banks are huddled together, thus giving to the site which supports them, and to neighbouring sites, an enormous value, to the detriment of other sites which do not find an occupier on account of the excessive heaping up of storeys in the business quarters of the city. See these colossal abattoirs, these packing-houses, where the whole work of slaughtering and of preserving meats is carried on. The retail butcher has disappeared among us, the refrigerating cars convey quarters of 'pressed beef' into all the towns of the Union, where meat merchants retail them. Four men, 'the big four,' destroy the butcher business in free

America. See the great mills of Minneapolis which centralize the flour of the North-west. See our great railway companies which destroy or absorb the small companies. Look at petroleum, sugar, whisky, twine, anthracite, starch, steel, linseed oil, cotton oil, india-rubber, monopolized by a few individuals."*

According to the Annual of the *Journal of Commerce and Commercial Bulletin* of New York (March, 1899), there were at that time in the United States 353 trusts of varying importance, with a gross capital of \$5,832,882,842, being 29 milliards of francs.

The most formidable of these trusts were : The Joint Traffic Association, capitalised at 7 milliards and 20 million francs ; the Reading Coal Company at 750 millions ; the Western Union Telegraph Company at 477 millions ; the American Sugar Refining Company at 375 millions ; the Standard Oil Company at 500 millions ; the Wholesale Grocers' Association of New England at 375 millions ; the Central Lumber Company at 350 millions of francs.

Since March, 1899, many new trusts have been founded ; so much so that in the month of May, 1900, the author of an article published by the *Review of Reviews* came to the conclusion that, were we to add up the capitals of the different trusts operating everywhere to

* Paul de Rousiers, *Les industries monopolisées aux Etats Unis*, p. 2. Paris, 1898.

some extent, but legally registered in the United States, we should certainly reach a sum which would not be much below the unheard-of sum of 50 milliards, ten times the value of the war indemnity paid by France to Germany after the disaster of 1870.

Amongst these giant organisations, the most characteristic, and those which have served as models for all the others, are unquestionably the oil, sugar and steel trusts! *

The Standard Oil Company, which dates

* De Rousiers op. cit. pp. 16-77, 130-183.—The conclusions of de Rousiers' book, so well attested by documentary evidence, diverge perceptibly from the socialist conclusions. The author, in fact, attributes the development of the trusts, either to the special conditions of certain industries (as oil-refining) or to the influence of protective tariffs (as sugar refining). A refutation of this thesis by a non-socialist author will be found in the address delivered by Prof. W. J. Ashley at the annual dinner of the British Economic Association, March 22, 1899. (*The American Trusts*) *Economic Journal*, 1899. After showing that the tendency to monopoly exists in different degrees in all industrial countries, and by no means constitutes a phenomenon peculiar to the United States, Ashley concluded in these terms. "Long before we arrive at the Socialist state, supposing we ever do,—the fundamental difficulty of socialism, the distribution of the social product, without the aid of competition, will be added in one shape or another to the anxieties of every practical politician." The speaker insists, in conclusion, on the necessity of studying the monopolisation of the great industries in England, where, notwithstanding the abundance of facts, the literature on this question is very meagre. See however Macrosty's article. *The Growth of Monopoly in British Industry*. (*Contemporary Review*, March, 1899.)

from 1872, controls all the pipe-lines, sometimes 500 to 600 kilometres long, which connect the places of production, the petroleum fields of Pennsylvania and Ohio, with the refineries situated on the Atlantic coast, or the shores of the Great Lakes. All these refineries are the property of the Trust. Nine persons are the owners of the gigantic capital (500 million francs) which it employs. Their monopoly against which all repressive laws have come but to dash themselves to pieces is almost absolute. Moreover the American trust is credited with having, on a theatre still more vast, concluded an agreement with the owners of the petroleum of Galicia and the Caucasus, a triple alliance of a new kind, by which the Rockefellers, the Rothschilds of London, and the Rothschilds of Vienna have shared between them the petroleum supply of Europe.

The Sugar Trust or, more accurately, the trust for the refining of sugar—the American Sugar Refining Company—formed under the protection of formidable customs tariffs, to-day monopolises the entire manufacture, while in 1880 there were in the United States 49 firms, having at their disposal a capital of $27\frac{1}{2}$ million dollars. To consolidate this monopoly, the trust bought railways and factories of every kind: it is, besides, interested in a multitude of other enterprises, such as the Flour Trust of the States of

New York and Minnesota, the Department Stores Trust of Brooklyn, the tramways of Providence, several railway companies and a certain number of banks.

As for the Steel Trust, it owes its foundation, at the end of the year 1897, to the alliance of Carnegie the famous Pittsburg steel-founder, and of Rockefeller, the oil and iron mine king.

Carnegie already occupied the front rank among the manufacturers of Bessemer steel : he was at the centre of the richest coal-basin of Pennsylvania, that promised land of coal. If the minerals of Lake Superior could reach Pittsburgh on as favourable terms as Chicago or Cleveland, it was all over with his competitors.

On his part, we have seen, Rockefeller had monopolised the splendid mines of Lake Superior. He had bought railways, built docks, fitted out a fleet of enormous vessels, specially prepared for the transport of minerals. By the end of 1896, this fleet was in a condition to carry on a ruinous competition with the old fashioned structures, which until then had been appropriated to the transport of minerals. "The iron mines king," said de Rousiers, "could give his hand to the steel king, and with him face any coalition whatever." It is under these circumstances that the Rockefeller-Carnegie combination intervened : the Lake Superior Co. leased its mines and its fleet for 50 years to the Carnegie

Co. which since then has been absolute master of the market.

The consequences of this concentration have naturally been disastrous for the other producers, but it cannot be said that they have been bad for the consumers; while realising enormous profits Carnegie and Rockefeller have been able to lower their prices and to undertake the conquest of the European market.

Moreover, to speak in general terms, the grave political and social inconveniences of these great monopolies are, in part, counter-balanced by the advantages of the socialization of labour, and the superior technique of production on a large scale. Defective tools, old-fashioned methods, superannuated industrial structures disappear, crushed by the competition or systematically suppressed by the very administration of the Trusts. It is in this way, for example, that the Whisky Trust, which had included 80 factories, closed 68 of them on the spot, in order to concentrate production in the other 12, furnished as they were with all the improvements of modern technique.

Thanks to these processes of artificial selection, which tend in the last analysis to lessen the cost of production, it frequently happens that the trusts, established with the object of raising prices end, after the lapse of a certain time, in lowering them. But it remains none

the less true that at the outset the consumers pay more than they formerly paid—our housewives have tested this in the case of oil—and that, later, when the advantages of production on a large scale begin to bring in a profit to them, they pay still more than they should pay, if the commodities which they buy were not loaded with heavy taxes for the profit of the capitalist monopolies.

“ We shall soon be no longer able,” said an American journal recently “ to eat or drink, or dress ourselves or consume anything whatever without paying tribute to some trust. Suppose, for example, that you were dining in some New York or Philadelphia restaurant. The waiter brings the appetiser : the cocktail, the principle element in which is whisky, is under the control of the Whisky Trust (capital, 35 million dollars). The soup is dependent on the Chicago Beef Trust (100 million dollars); the oysters, on the recently founded Oyster Trust (5 million dollars). You ask for relishes—radishes, celery, olives; get your share ready for the Farm and Dairy Product Trust (15 million dollars); with the fish appears the Fish Trust; with the roast, the Fowl Trust. The dessert comes on : the pudding is a product of the American Flour Co. (120 million dollars); the fruit, of the American Fruit Co.; the biscuits of the National Biscuit Trust; the whipped cream of the American Ice Cream Co. If you wish to

drink coffee or smoke a cigar, do not forget the Coffee Syndicate (60 million dollars) and the Tobacco Trust (75 million dollars). That makes many trusts at once."

And what is true of the table is no less so for the other necessities of life. With increasing celerity, the Trusts, thanks to their productive superiority, are encroaching upon all branches of industry, ceaselessly consolidating their triple domination, economic, social and political. But it is not merely the consumers, but still more, and especially the workers, from the social point of view, and the generality of citizens from a political point of view, who experience the numerous ills of a régime in which everything helps to establish the supremacy of the rich and powerful.

In reality there is no doubt that the concentration realised by the Trusts, while increasing the solidarity of the entrepreneurs and swelling the reserve army of labour, weakens just as much the relative power of coalitions among working men.

On the other hand when the workers, recognising that economic means are no longer by themselves sufficient to secure them victory, turn to political action, they again find themselves face to face with the plutocracy of the governing classes, occupying all the positions, trafficking in all the commands, inspiring all the decisions of a parliamentary or adminis-

trative body, which is too often servile or corrupt. It is the Trusts which reign at White House, deliberate in the Chambers, arrange for their own profit the protective Tariff, and in the last resort, determine foreign policy.

But however odious be their tyranny, however revolting may be the abuses of capitalist appropriation, they should not lead us to forget that the great monopolies, by centralising productive forms, are preparing the advent of a new régime and smoothing the way for it. To desire to clog their development, would be to shackle industrial expansion itself; to socialise their advantages—that ought to be the end we endeavour to attain. This is what an American collectivist, Daniel de Leon, has very well expressed in these terms, “the ladder up which humanity has climbed towards civilisation is the progress in methods of work, the ever more powerful tool of production. The Trust occupies the top-most rung of the ladder; round it the modern social storm rages. The capitalist class seeks to keep it for its own exclusive use; the middle class seeks to break it down, thus checking the march of civilisation. The proletariat seeks to improve it and to open it to all.”

CHAPTER III.

IF we try to take in at a glance the industrial evolution which we have just described, it appears to us like a gigantic and constant effort continued across the centuries, in the direction of the socialisation of labour, by the concentration of the means of production and exchange.

This concentration appears under two aspects, distinct, though generally correlated and re-acting on each other : concentration of workshops : concentration of enterprises :

On the one hand, in a number of industries, individual workshops, on account of their technical inferiority, disappear, or play no more than a local and supplementary part : the Nibelungen forge gives way to the machine shops of Seraing, the rolling mills of Pittsburg, the cannon foundries of Essen or Creusot.

On the other hand individual enterprises perpetually widening the circle of their action, end by giving way to companies, joint stock or co-operative, indispensable for collecting the capital demanded by production on a large scale. Then come coalitions, cartels, and finally the trust, the complete monopoly, the

unified and more or less stable organisation of production and exchange.

That is what exists already in different degrees, as far as concerns the industries—taking this word in its widest acceptation—which we agree to consider fundamental, either because they answer to essential needs, or because they furnish raw materials for other branches of production, or finally because they render to the community services of a character so general that they tend to be considered public services.

Such, for example, are conveyance by rail-road and canal; discount and issue banks; post offices, telegraphs, and telephones; insurance; in a word the central organs of the vast apparatus which insures, facilitates, accelerates, or regulates the circulation of wealth and the relations between men.

Then amongst the industries that produce raw materials, those which supply coal, iron, wood, or stone to other branches. Finally those which manufacture or retail products answering to the needs which are most general, most widely extended in all social strata; bread and water; salt and sugar; petroleum and lighting gas; tobacco and alcohol; clothing, shoes, and to a less degree milk, butter, margarine, butcher's meat, colonial produce, drugs, etc.

These different branches indisputably employ the great mass of the working pop-

ulation. If they should happen to be appropriated by the community, the domain of private industry would have only a somewhat limited extent. Now a tolerably large number of them is at present socialised in whole or in part ; monopolies of salt, tobacco, alcohol ; state exploitation of railways, post offices, telegraphs, telephones ; nationalisation more or less complete of banks of issue, with the state sharing in the profits ; municipalisation of water, gas, electricity, tramways, abattoirs ; collective or communal ownership of forests, mines, canals and roads.

As for the fundamental industries which remain in the sphere of private capital, almost all display—by reason of the large scale production necessitated by the extent of their markets—a high degree of capitalist concentration ; the telegraphs in the United States are in the hands of two companies ; a few great life insurance companies divide the world between them ; the central banks of issue, even when they have not an absolute monopoly, clear all before them ; the oil triple alliance, the sugar and whisky trusts guarantee the predominance of a handful of capitalists ; the metal industry, the coal industry, the textile industry, represent the most perfect types of industry on a large scale. And even in the food producing industries, or the clothing industry, which appears to be an exception to the rule, the

great department stores, the co-operative societies, the different forms of technical or commercial concentration are beginning to expel a large number of small retailers or to bring them under complete control.

Whatever, then, be the number of petty industries begotten by the progressive division of labour, it is beyond question that in the near future, all fundamental industries will be socialised, at least from the point of view of production. And this centralising movement shows itself so conspicuously that even the opponents of socialism can not think of ignoring it. But they dispute the general bearing of the fact, they reject conclusions drawn from it, and—in this respect agreeing with certain socialists—they set over against what they call the dogma of capitalist concentration a series of objections of which these are the most important.

(1). The number of small enterprises, at least in commerce and agriculture, grows greater instead of less. We cannot therefore speak of a general law of capitalist concentration in all spheres of production.

(2). Moreover, the concentration of production does not imply the concentration of fortunes. The number of owners, so far from being diminished for the benefit of a few magnates of capitalism, has rather a tendency to increase. The joint-stock company democratizes capital.

(3). Even amongst the working-classes, the development of thrift is building up small ownership in another form.

It is not then true to say that the evolution of capitalism ends in setting up two antagonistic classes, characterised the one by ownership without labour, the other by labour without ownership.

We are going to examine briefly what justification there may be for these different objections.

Working Men's Thrift.

The Belgian enquiry of 1892 into the "wages and expenses of working-men" allows us to appraise at its just value the importance of the "capitalist property" which the proletariat are accumulating in savings banks. It declares in fact that out of the sum total of workmen's households observed by the industrial bureaux, only one-eighth per cent. of the receipts came from other incomes than wages or aid given from public relief funds.*

True, the 532 millions deposited in savings banks make an imposing total for all that. More than half a milliard, it will be said, there's a sum for you!

But, we must not forget that this half milliard is divided between 1,500,000 account books; that the largest of these accounts do

* *Working-men's budgets for April, 1901.* Proportion of wages and other receipts to the total resources p.p. 433 &c. (Brussels, 1892.)

not belong to working-class families, and that, taking everything into consideration, the average per depositor amounts to 372 francs 87 cents or an annual income of 13 fr. 05 cents.

Out of 100 accounts there were

42.2	of	1	to	20	francs.
19.2	„	21	to	100	„
18.7	„	101	to	500	„
6.9	„	500	to	1000	„
13.1	of	1,000	fr.	and upwards.	

Thus more than 60 per cent. of the savings bank accounts were less than 100 francs. Add to these the contents of money-drawers or "stockings," sums deposited in private savings banks, the funds of working-men's associations, the capital converted into real estate and into cheap dwellings, and you will none the less come to this conclusion that it is bitter irony to wish to make proletarians pass for capitalists on a small scale.

The Democratization of Capital

"Amongst Social Democrats," says E. Bernstein, "the prevailing opinion is that a concentration of fortunes goes on side by side with the concentration of capital. Now this is by no means the case. The organisation of the joint-stock company is to a considerable extent opposed to this tendency—centralisation of fortunes by centralisation of enterprises." We have not the slightest idea of denying the core of truth contained in these observations. It would be a manifest error to

identify these two phenomena—concentration of ownership and concentration of production.

Ownership of land, for example, may be concentrated while cultivation is subdivided. On the other hand the creation of great enterprises under the form of joint-stock companies, does not by itself prove that the concentration of fortunes marches abreast of the concentration of the means of production ; but still less are we to conclude from that, as Bernstein seems to do, that a decentralization of fortunes in the shape of shares and bonds corresponds to the centralisation of capital in the shape of companies.

In his reply to Bernstein, K. Kautsky shows very clearly on the contrary, that the arguments invoked in aid of this contention are either irrelevant or else palpably erroneous.

That the development of large-scale production increases the absolute number of capitalists, enjoying unearned incomes, is indisputable, but at the same time the number of proletarians increases in greater proportion, and this double movement is accomplished at the expense of the different classes of independent producers, artisans, small employers, peasant proprietors.

Fiscal statistics with regard to income-tax are, it is true, appealed to in order to maintain that the number of owners of the intermediate stratum, of the lower or average middle-class, is growing greater instead of less. But, while

admitting that these statistics deserve the reliance bestowed on them, the increase in the number of incomes exceeding the minimum subsistence point is not in the slightest degree a proof of the increase in the number of capitalist proprietors.

These incomes may in fact, accrue from labour and not from property. In Saxony, for example, Herkner, according to the fiscal statistics of 1879 and 1894, declares that the two social strata, the relative increase of which is highest, are the working-men of average circumstances and the group of millionaires.*

The enormous increase in social productivity reacts—in spite of deplorably numerous exceptions—on the general well-being: it increases, in a certain degree, the average of wages and of salaries, but it favours in a much larger degree still, the centralization of fortunes for the profit of the great capitalists; the 19th century has not been merely the century of workingmen: it will also be called

* This is the table, quoted by Kautsky.

Persons having an an income of	1879	1894	Increase	
			absolute	per c.
800 marks	828,686	972,257	143,571	17.3
800 to 1,000 „ ...	165,362	357,974	192,612	116.4
1,600 to 3,000 „ ...	61,810	106,316	44,326	71.6
3,300 to 9,600 „ ...	24,072	41,890	17,818	74
9,600 to 54,000 „ ...	4,683	10,518	5,835	154.4
More than 54,000 ...	238	886	648	272.0

the century of milliardaires (owners of 1,000 million francs.)

As for joint-stock companies, they permit, it is true, the creation of great enterprises by the accumulation of small capital sums; but far from favouring the breaking up of capital already concentrated, they tend to increase its concentration still more. Thanks to their mechanism, thousands of humble folks may be interested in Panama concerns or Transvaal gold mines; who then would profess to draw from this the conclusion that these drains on small savings have the effect of apportioning fortunes more equally? Is it not evident, on the contrary, that the small fry of share and bond holders, betrayed by their inexperience into every trap, and often interested in a single enterprise, take upon them much greater risks than the magnates of capitalism, who reserve the best prices for themselves—the lion's share—and who always take care, in order to neutralize the chance of ill-luck, not to put "all their eggs into one basket."

Increase in the number of shareholders then, is no proof of increase in the number of owners, and still less of the breaking up of big fortunes; it only means that more and more the "stock-and-share" form becomes the dominant form of property.*

* In England, for example, the number of Joint-Stock Companies rose from 9,344 in 1885, to 25,267 in 1898.

At the starting point we find land proprietorship, another form par-excellence of personal ownership, wedding the man to the earth, rooting the tiller, so to speak, to the soil that feeds him; at the *terminus* of capitalistic evolution, we arrive at the ownership of the bit of paper, conferring on its owner an impersonal right, which he shares with thousands of others, over the railways of China, the rubber forests of the Congo or the mineral wealth of the Klondyke.

And it is precisely to this *depersonalization*, to this sublimation of capitalist property, freed from all connection with the actual labour of the owner that A. Menger attributes a decided revolutionary tendency. "The greater the disproportion between nominal right and actual power, the more do moderate-sized property and small property change into large property, and the latter to mere possession of titles—the weaker becomes the inmost structure of the whole system of private title.

"In this increasing separation between title and power, which is certainly one of the characteristic features of our age, I see the most important factor, which is driving our system of private title towards socialism.

Now, according to Kershaw (*Joint Stock Enterprise and our Manufacturing Industries*) hardly 10 per cent. of these new companies represent new enterprises; the rest proceed from the conversion of private firms into joint-stock companies.—*Fortnightly Review*, May, 1900, p. 816.

This legal fact is more important than the economic concentration of the means of production in a small number of hands, on which Marx and other socialists principally insist."

Numerical Increase of Small Undertakings.

In his work on *Theoretic Socialism and Social Democratic Practice*, E. Bernstein essays the task—not without reason, moreover—of dispelling the rather naïve illusions of certain socialists with regard to the rapidity of industrial concentration and the extent to which it has advanced. "If the incessant progress of technique and of centralization," he says, "in a perpetually increasing number of industries is a fact, the significance of which is in our day no longer passed over in silence except by some reactionary and unrepentant individuals, it is none the less true that in a whole series of industries, by the side of the great enterprises, others small or of moderate size give proof of indisputable vitality."

We have seen that too often this vitality proceeds from the undue exploitation of the small farmers or home workers, but if we keep to statistics and nothing else, there is no doubt that Bernstein, figures in hand, is right.

In the greater number of branches of commerce, in spite of the great department stores, the number of small shops goes on increasing perpetually. In many agricultural districts,

if culture is becoming more intensive, and demands in consequence greater capital, the number of the holdings is growing less instead of greater. Finally in industry, properly so called, the very small enterprises, the individual owners, are growing less, relatively and absolutely ; as for small or average enterprises, the number continues to rise, less rapidly, however, than that of the great enterprises.

On the whole then, while the number of small enterprises is limited, in certain localities or certain branches, owing to capitalistic concentration, it is increasing ; and often this increase makes up for the diminution in other localities and other branches owing to the progressive division of social labour.

Commercial Enterprises.

We know at the outset that it is the very progress of industry on a large scale, which multiplies commercial enterprises, either because they increase the stock of exchanges, or drive into retail business independent producers who have collapsed ; or finally, because thousands of workers seek to supplement their means by starting an additional business—opening a tavern, for example.

To industrial centralisation corresponds—until the introduction, generally long delayed, of the great department stores—a period of

commercial decentralisation. But, as a general rule, the innumerable middle-men, who produce no surplus-value and contribute so largely to increase the price of goods, are at bottom nothing but *outside clerks*, entrusted with the distribution of the profits of capitalistic industry.

Agricultural Enterprises.

The reaction of capitalism on agriculture, by increasing the industrial and commercial population of the country districts, favours the parcelling out of holdings—a thing which allows rents to be raised—and the multiplication of allotments that supply vegetables or potatoes for working-class households.

We have examined elsewhere,* and Kautsky explains in masterly fashion in his books on the *Agrarian Question*, the economic and technical causes, which at present clog the progress of large-scale cultivation; the scarcity and dearness of manual labour, which is more and more attracted by the towns and industrial centres; the action of foreign competition, more formidable for the big gentlemen farmers, who mostly produce exchange values, than for the small farmers, who to a greater extent produce use values; the almost complete lack of interest for the tenant in realizing improvements, which would be for the special benefit of the

* *Socialism en Belgique*, pp. 416, *et pass.*

landlord and which might even, in the last analysis, assume the form of an increase of rent. Moreover, in spite of all these obstacles, it is stated that in certain countries like Belgium, where the development of capitalism had at first produced the contrary phenomenon, the number of large holdings is increasing, while that of small ones is diminishing.

The *Statistical Annual* of Belgium for 1900 expresses itself on this head in the following terms:—It is exclusively in holdings of less than five hectares, and especially those of less than two hectares, that there has been a decrease in numbers.

On the contrary, the holdings of upwards of 10 hectares, and especially of upwards of 50 hectares, have increased by 3·789. The concentration of landed property, which corresponds to the development of large-scale farming and stock-breeding, is here exhibited in very obvious fashion.

Since 1880 there has been in progress a movement the inverse of that which has been attested from 1866 to 1880, when the number of small holdings had considerably increased, whilst that of small holdings had much diminished. As a matter of fact, small rural ownership is disappearing before large-scale culture.*

Of course, we do not claim that this con-

* Introduction, p 41, Brussels, 1900.

centration of lands under cultivation is a general phenomenon. The agricultural statistics of Germany, for example, give results exactly opposite.* But we have seen that in all countries, even when the number of small farmers is increasing, the number of *independent* small farmers, of peasant owners of land, is being reduced without ceasing.

Industrial Enterprises.

Industrial concentration, which excludes the small producers from the fundamental branches of production, drives them back or limits them to industries, the local, special, artistic, or luxurious character of which does not lend itself, or does not yet lend itself to division of labour, to the introduction of machinery, and to the co-operation of the workers. But on the other hand, there is no doubt that the development of capitalism has the effect of increasing the number of these small industries and the number of enterprises which they carry with them.

In the first place in the country districts, according as the production of use values for domestic needs gives way to the production of exchange values, the trade guilds, the small producers, working for the local market become necessarily more numerous.

Secondly, while the great industries are

* Hertz: *Die agrarischen Fragen im Verhältniss zum Sozialismus* (Vienna, 1899), pp. 53, *et pass.*

being concentrated, the specialization of labour constantly begets new industries, branches cut off from the main stems of production. It is in this way, for example, that in the last industrial census of Hainaut,* we find side by side with the glass trade, metal working, the coal mining industry, a multitude of ultra-special crafts of recent formation, such as the manufacture of fire-lights from straw-clippings, of shoe-ties, of leather hats for miners, of rosaries, of confetti, of wooden soles for clogs, of filter-cloths, etc., etc. Now, many of these industries, on account of their peculiarity or their novelty, have not yet got beyond the first stages of their evolution, and so far swell the number of small producers.

Finally, the enrichment of the capitalist class, who expend unproductively a large portion of their profits, favours the development of artistic or fancy trades of the industries of every kind, which bring about the superfluity of a minority, while a great part of the population is in want of necessities. Now, almost all these articles are manufactured, at least at the outset, by manual labourers either at home or in the workshops of small scale or medium industry.

In short, in all spheres of social activity we remark that the concentration and automatization, which are at work in certain branches,

*1899.

do not prevent and often even assist the incessant formation of fresh enterprises, employing a limited number of workers.*

Only there exists between these small enterprises of modern creation and the small enterprises of the old type the same difference as between the branches, which crown the trees of a forest, and those which form the brushwood of a coppice.

The former borrow all their vitality, all their conditions of existence from the great tree of capitalist production: this it is, which gives them life, it is on this that they absolutely depend.

The others, on the contrary, struggle for life against the giant, whose devouring roots and mighty foliage rob them of the nourishing juices of the earth, and of the quickening light of the sun; they preserve their independence, but they vegetate and waste away until they completely disappear.

Summary and Conclusions.

To sum up, so much we ought to remember of the objections which we have just passed in review—that the capitalist concentration, which results from the productive superiority of work in common is not brought about with so much rapidity and simplicity as one would

*On the causes which tend to maintain small production in certain branches of industry, see Gonner *The Survival of Domestic Industries* in the *Economic Journal*, March 1893.

suppose from an exclusive observation of the principal industries.

Of course, there is no doubt that as a general rule, production for domestic needs tends to be limited, the handicraft to be changed into the factory, the "collective factory" into the concentrated factory. But from the fact that machinery production on a large scale is indisputably gaining ground, in spite of all the resistance offered to its extension, it does not necessarily follow that, if we consider the whole of the industries of a country, the home workers and the small independent producers are becoming less numerous.

It may happen and it does happen, while machine production progresses in some branches at the expense of home industry, in other branches the latter more than makes up for the losses which it meets with by recruiting workers amongst the broken-down artisans and country people.

It may happen also, and it does happen, whilst in certain regions factory industry, concentrated or collective, absorbs or subjugates the independent producers incapable of resisting it, that in other less advanced fields, handicraft industry develops at the expense of production for household needs, the domain of which is constantly shrinking.

And it is precisely this irreversible retrogression of the close domestic economy, living

for itself and by itself, which gives us the key to the apparent contradiction between statistical results, taken in the lump, and the indubitable fact of the expropriation of the small producers by the great : in spite of industrial concentration, the number of home workers, sometimes even of artisans, may continue to increase, because the number of tasks carried on at the fireside by the members of the family keeps perpetually diminishing.

But, however that may be, in proportion as the close family economy gives way to the economy of exchange, and the specialization of labour multiplies the relations between producers, the political and social supremacy of large scale commerce and large scale industry is strengthened more and more.

What matters in fact, the greater or smaller number of individual enterprises in the local or subsidiary trades, in new or special industries, from the moment when capitalism withholds the essential organs of production and exchange ?

Of what avail are the cultivation of small plots, the retailers, the small masters in industries of art or luxury, in face of the all-powerful coalitions of great enterprises which control the banks, run the carrying trade, exploit the mining industries, utilize the greater part of farm products, produce or distribute all the articles of current consumption and develop more and more the division and co-ordination of social labour.

Even when the old forms continue, the *independent* producers become *interdependent* producers. Directly or indirectly, all co-operate in a common work, and it is principally to this national and international co-operation that we must attribute the formidable expansion of productive forces since the commencement of the capitalist era.

Only, in such an association, forced, mechanical, and oftener still unconscious, the great majority of co-operators have no interest in increasing the social output. The functions of management belong sometimes by right of conquest, oftenest by right of birth, to the proprietor classes alone.

Co-ordination of effort remains absolutely imperfect. The fierceness of competition offers a permanent obstacle to the reign of solidarity among men and among nations. The inferior forms of production and exchange persist—the more abject they are, the more obstinate. The number of parasites, of voluntarily or involuntarily unemployed, keeps perpetually increasing, and the very progress of capitalism—on this head see the first pages of the Communist Manifesto—shows up more and more its inward and profound contradictions.

The growing socialization of production increases the output of work, but suppresses the advantages and develops the inconveniences of individual ownership by multiplying

workers without capital and capitalists without work.

The development of commerce, the free exchange of ideas, of men, and of products, even the universalization of military duty render war more difficult; and on the other hand, the want of balance between production and consumption, the feverish search for new markets, the conquest of the colonial world—that Future State of bourgeois societies—multiply reasons for conflict, add weight to the burdens of armed peace, of war without action, of war with blows of gold pieces, as Bismarck said, and, under the agonizing menace of a general conflagration, perpetuate the horrors of open war round the civilized world.

Finally, the tendency to reduce wages to the minimum, to prolong the working day to its extremest limits, to replace the worker by the machine, the adult man by his wife and children, in order to increase profit without intermission, remains the dominant, inevitable aim of capitalist production. It engenders at the same time, digging its own tomb, the revolutionary forces which are being organised, which are growing conscious of their means and of their end, and which are henceforth framing within the womb of modern society the mighty embryo of collectivist society.

PART II.

THE SOCIALIZATION OF THE MEANS
OF PRODUCTION AND EXCHANGE.

THE SOCIALIZATION OF THE MEANS OF PRODUCTION AND EXCHANGE.

"Wealth, social in its origin, ought to be social in its use."—*Pierre Lafitte.*

THE fundamental vice of the capitalist system, not only from the point of view of distribution, but by a reaction perfectly natural, even from the point of view of the productivity of social labour, is the confiscation by the possessing classes of the surplus-value produced by the wage-earning classes.

Of course it would be a false conception—and one falsely attributed to the Socialists*—to regard manual labour alone as productive, and consequently to see only an illegitimate

* See especially what Marx says on the subject of the labour of superintendence, in chapter 23 of the third volume of his *Capital*. When a capitalist himself directs his enterprise "he produces surplus value, not because he works as a capitalist, but because he works quite apart from his capitalist ownership. This portion of surplus-value is not then really surplus-value, but its opposite, the equivalent of work performed" (*Das Kapital*, III. 1, pp. 368, 369), and further (p. 373). "We have already remarked that it is not the manufacturer capitalist, but rather the *managers*, of manufactures, who are the soul of our system of industry."

first-charge in all forms of income, which do not constitute wages in the narrow sense of the word.

It is very evident, on the contrary, that all those who contribute some useful labour, all those who really participate in social work, from engineers and managers to scientists and artists, who supply a necessary complement to the aggregate of production, ought, in fairness, to receive a wage, and to take their share of the products which they help to create.

In this way one may justify in actual society the unearned incomes which give leisure to the poet, the philosopher, the inventor. But even when you add these incomes, justified by gratuitous labour, to the sum of incomes from work that is paid for ; when you regard as a just wage all emoluments, all divisions of profits, all remunerations under any form whatever, granted to all producers, direct or indirect, material or immaterial, there remains none the less a margin, an over-product, a surplus-value, which the different groups of capitalists, manufacturers, merchants, landed proprietors divide amongst themselves not by virtue of any labour whatever, but merely—*quia nominor leo !* as a sort of lion's share—by virtue of their right of property over the means of production and of exchange.

Such is the essential fact at the foundation of all the Socialist demands. It appears more

or less clearly to anyone who takes the trouble to reflect, and the scientific analyses, which Marx, utilising the labours of his predecessors, has co-ordinated and combined in his masterly work, have, in short, only given the scientific formula of the exploitation of the proletariat by the holders of private capital.

This exploitation is indisputable, since there are people, who, not living by their own labour, must necessarily live at the expense of the labour of others. But that does not mean to say, and the Socialists have never claimed, that in each enterprise the surplus-value created by labour is a direct profit, by some sort of automatic process, to the individual capitalist.

To see things in their true light one must consider them in their entirety. It is moreover at this point of view that Marx takes his stand, when he shows how the surplus-value, created during the process of production, is metamorphosed into profit in order to be realised, in course of the process of circulation, in the form of average profit.

But in certain exceptional cases, said he in substance, the capitalists do not realize, at the time of the sale of goods, the surplus-value created in their sphere of production. This surplus-value mingles with, is jumbled together with, the surplus-value created by the aggregate of social labour, and, being transformed into "net" profit, tends to be

divided, on a footing of equality, amongst all the equally-important fractions of the capital engaged. The capitalists, taken in the lump, ought to be considered from that time, so far as profit is concerned, as the shareholders of a huge joint-stock society, which divide the benefits realized amongst themselves *pro rata* to the number of their shares.

And the stronger the supremacy of capitalistic production becomes, the more properties are mobilised and transformed into values that are easily negotiated, the more also do profits tend to be equalised in all branches, allowance being made, of course, for the diversity of risks, and the influence of monopolies and of temporary fluctuations of the market. In fact from the moment when, to any lasting extent, profits exceed the average in one of the spheres of production or exchange, capital flows to it, and, in conformity with the laws of supply and demand, competition lowers profits; on the contrary, if profits remain to any lasting extent below the average, capital turns aside, flows into other branches, and consequently profits rise.

It goes without saying that in spite of this tendency to levelling, opposed moreover as it is by many obstacles, the profits realised by each entrepreneur, taken individually, remain essentially the same; they may reach figures fantastically high, or else be reduced to nothing; they may even fall below zero.

But, whatever be the importance of these accidents, fortunate or unfortunate for those who are the beneficiaries or the victims of them, it remains none the less true that, taken in its entirety, the capitalist class, by the mere fact that it is proprietor of the means of production and exchange, monopolizes and divides among its members, in the shape of profit, the surplus-value created by manual or intellectual workers. True, an attempt is made to justify this monopoly—which takes away from the great mass of the workers every direct interest in increasing the productivity of social labour—by maintaining that the profits of the capitalist class form the sinews of production, the just and necessary remuneration for the capital which it employs, and the function which it fulfils, in taking upon it the management of enterprises.

We must then sum up, in its broad lines, the argument of those who talk in this fashion.

CHAPTER I.

THE THREE ELEMENTS OF PROFIT.

*I recline and possess!
Let me sleep!*

—Richard Wagner.

IN any enterprise whatever, the profit of a manufacturer, when he is at once capitalist and owner of the funds which he employs, is equal to the selling price of the products, minus the expense of production.

Supposing, for example, that in a cotton spinning mill, to sell 10,000 lbs. of thread, which sell, in counts 40 (June, 1900), for 10,750 francs, the entrepreneur spends 1,300 francs for the wages of his employees, 6,700 francs for the purchase of raw material (cotton), 250 francs for subsidiary materials (coal, lighting gas), 650 francs for the depreciation of his fixtures and his plant—say 8,950 francs, which represent his cost of production, the profit which he realises is equal to 10,750 minus 8,950, say 1,800 francs.

In order to justify this profit, one or other of the three elements which compose it has in succession been insisted on more particularly,

- (1) The reward of the entrepreneur's labour.
- (2) The interest on the capital employed (including the ground rent, if the entrepreneur is at the same time owner of the plant).
- (3) The premium for insurance against risks, or, in other terms—which we find in certain economists, anxious to transform capitalists into wage-workers in the hope of avoiding the actual transformation by collective appropriation, of wage-workers into capitalists—wages of insurance, wages of abstinence (remuneration of abstinence, as Senior called it), and wages of superintendence.

Wages of Insurance.

It is claimed at the outset that the extra profits realised by certain capitalists constitute an indemnity for the risks which they take upon themselves. "Experience proves," says Leroy-Beaulieu, "that out of 10 entrepreneurs in industry or commerce there are 2 or 3 who become bankrupt or insolvent, 5 or 6 who merely find the means of living by getting a modest reward for their trouble, and by merely keeping their property, or only adding to it very slightly; and, at the most, one or two who make a fortune of some size."*

It is thus, for example, that out of 2,554 German companies, whose balance-sheets for 1891-92, Van der Borghst has noted,

* *Traité d' Economie Politique* II., p. 207.

471	liquidated with a deficit.
888	gave no dividends.
641	gave from 0 to 5 per cent.
734	„ 5 to 10 „
149	„ 10 to 15 „
64	„ 15 to 20 „
39	„ 20 to 30 „
18	„ 30 to 40 „
21	upwards of 40 „

Amongst the last, for example, are the Arenberg Coal Co., 80 per cent.; the Göttingen Sugar Co., $83\frac{1}{2}$ per cent.; the Dresden Marine and River Transportation Co., 100 per cent.; the Upper Silesia Co, for the manufacture of wood pulp, 120 per cent.

To sum up, then, the argument to which appeal is made, in order to justify the enormous profits of certain capitalists, is that they have as counterpart the failure or the bankruptcy of their unfortunate competitors. But this is precisely what, in our eyes, condemns a system of social individualism, which assures to some exorbitant profits, and which hands over to all the chances of competition, of stock-jobbing, of speculation, not merely the captains of industry who are more or less responsible for their acts, but also the workers whom they employ.

That in the present state of affairs, profits ought naturally to contain a premium for insurance against risks, we by no means think

of denying. Only, we maintain, and it is easy to show that in a social organisation of work, this insurance premium would lose all reason for existence.

Henceforth, in fact, if such and such an enterprise that has been decided on indisputably runs the risk of finding itself at a loss, it is very rare that a whole industry does not make profits, and, unless by a veritable industrial cataclysm, we may affirm that capitalists as a class are never in peril.

During the social investigation of 1891-92 the 2,254 companies with regard to which Van der Borghst has been able to procure exact and complete information, realised, in spite of the losses experienced by a rather large number of them, an average profit of 8·8 per cent. of their nominal capital and distributed 6·1 per cent dividend.

Analogous results are obtained for the commerical companies whose losses or profits are published, each year, by the *Annuaire Officiel of Belgium*.*

* In Belgium the commercial joint-stock companies, administered under the laws of 18th May, 1873, had a total capital of 2,045,722,000 francs. The net profits, realised by 948 of them, amounted to 197,041,000 francs; the losses suffered by 112 companies amounted to 3,394,000 francs, being an excess of profits over losses of 193,647,000 francs, that is to say, 9·4 per cent. of the nominal capital, generally over-capitalized.—On the grave disadvantages of over-capitalization in the majority of joint-stock companies, see *Kershaw Joint-stock Enterprises and our Manufacturing Industries*. (*Fortnightly Review*, May 1900.)

We are, consequently, justified in concluding that taking good years with bad, the proprietors of the means of production and exchange, divide amongst themselves a huge quantity of profits, of transformed surplus-values, the amount of which varies, but which for the aggregate of enterprises never falls below zero.

Wages of Abstinence.

As a second element incorporated in profit we find the interest on the capital employed.

From the moment when this capital belongs to individuals, it is quite natural that these latter should demand a remuneration for giving it up and putting it at the disposal of the workers: he who approves of the private appropriation of the means of production has to accept the consequences of it.

But some go further than this and maintain that this remuneration constitutes the only really efficient means of securing the accomplishment of this essential function: the accumulation, thanks to thrift, of the capital necessary for production.

"By the side of the wages of labour, which are justified," wrote a disciple of Schulze-Delitsch (Faucher), "there is another agent which is equally justified, viz., interest on capital. This interest is neither more nor less than wages for abstinence exercised. Whoever accumulates capital imposes privations

on himself: he does not spend the means which he has acquired, but he accumulates them in improved implements, in stock-on-hand, etc. Hence he attains to the possession of capital, which is useful to the community. In giving up his stock, the fruit of his moderation, he merits a reward, which he receives in the payment of rent; for his acts of abstinence are worth as much and often more than labour itself. That is why it is not possible that the wages of labour should be raised at the expense of the wages of abstinence."

Lassalle, in his celebrated pamphlet against Schulze-Delitsch had fine sport jeering at these poor capitalists, ascetics, Hindoo penitents. St. Simeons, who, one foot on a pillar, with blanched face, with arms and body bent forward, hold out their plate to the crowd to gather in the wages of their abstinence.

And, even in England, where since Senior, the "remuneration for abstinence" theory had caught on, economists like Sidgwick recognise to-day that the Socialist critic has dealt fairly with this pretended justification of unearned incomes.

"In reality," says Sidgwick "the share of the worker in the means of consumption, is for two very different reasons, less than what it would be, if the productivity of his labour could remain the same without recourse to implements; first, because he has to devote a portion of his time to manufacturing these

implements, then because he has to devote another part of his time to producing the means of consumption, which constitute the share of interest, spent by the owner of the capital, instead of being saved."*

Now, the former of these first-charges alone would exist under a Socialist régime: the community would have to practise abstinence, to devote a share of its product to the maintenance and to the renewal of the social capital; but it would not have to pay in addition in order to reward the practise of this abstinence, to stimulate the capitalist to save instead of consume.

This is, moreover, what is happening at the present time in co-operative societies and in public services as regards that part of the capital which is not made up by borrowing. The society, the state or the township deduct out of the profits of the enterprise, or the assessment and taxes paid by their members, what is necessary for the development of the plant, and the progress of the enterprise. In brief, saving becomes collective instead of being individual. It is a social function exercised by all in the interest of all, instead of being given over, as it is to-day, to the promptings of private interest, to the unrestricted caprice of capitalists, tossed about incessantly between the desire of enlarging

* *Economic Lessons of Socialism*, the *Economic Journal*, 1895 p. 343.

their incomes, and that of increasing their expenses.

For, let us not forget, it is with an enormous waste of energy and of wealth that the possessing class exercises the capitalist function, which devolves upon it in the present state of things.

Opposite to what it accumulates productively in order to intensify the exploitation of labour, we must put what it expends unproductively and almost always foolishly, vainly, immorally, to placard a purely ostentatious luxury, to pay thousands of workers, whom this luxury demands, and whom Fourier justly named "agents of negative creation;" to maintain, finally, those legions of inferior parasites, valets, jockeys, hair-dressers, croupiers, low-class actors, and prostitutes,—who swarm like maggots on the capitalist dunghill—not to take into account the standing armies, indispensable for the defence of individuals receiving the wages of abstinence against those whom necessity condemns to pay them their wages.

Wages of Superintendence.

It is above all this last element that is insisted on to-day to justify the profits of the leaders of enterprise.

There is in profits, and especially in the great profits of a capitalist, cries Leroy-Beaulieu, much else besides the interest of his

capital, the security against his risks, and even the mere wages of superintendence, and the emolument paid to a manager or a functionary. The source, the true source, of great industrial profits is the superiority of combination, the skill, the ability, the competence, the geniality, more or less great of the captains of industry. "It matters little whether it be the entrepreneur himself who has combined, or who has been able, simply by the agility of his intelligence and by his rapidity of conception, or who has dared by his natural boldness, to apply the happy combinations of others. Into the essential functions of the entrepreneur enters the choice not only of materials, of fittings, of machines and of workers, but of all his employees and assistants. *He sets at work human faculties as well as raw materials.* He need not personally be an engineer or an inventor ; what is necessary is, that he, either by himself or by the men whom he enrolls, should be able to give to production the most effective organisation ; it is expedient that he should have the gift of fruitful adaptation."*

One could not say more clearly that the extra profits of the entrepreneur are derived above all from his superior skill in the art of exploiting the labour of others. It matters little that the genius of inventors ripens on the pallet of straw, that the proletariat of gradu-

* Leroy-Beaulieu. *Traité d' Economie Politique* II., p. 196.

ates cry "famine"; that manual workers sell the strength of their arms for wages reduced to the minimum; huge profits are none the less the legitimate reward of the ingenious adapter, who profits by his capitalist monopoly to hire them, to enrol them, to squeeze them.

Some will find that the argument proves too much. But what is particularly striking in this reasoning is the little importance that it attaches to this essential fact—the invasion of all the great industries by the joint-stock company system and the replacing of active capitalists by paid managers.

Of course, we understand that, leaving to Socialist blasphemers the care of bringing to light the bad sides of capitalism, some belaud the skill, the feverish activity, the capacity for organisation, the passion for work needed by a founder of an enterprise in order to triumph over his competitors.

But what meaning has this panegyric, when passive capitalists, bond-holders, or shareholders in joint-stock companies, who delegate their powers to a manager, are in question? Is it not evident that in such a case - and what was formerly the exception tends to become the rule—it is absolutely impossible to justify profits by maintaining that they correspond to a *labour of superintendence*.

This is well shown by Waxweiler, in reply to the question of how to know what becomes of the profit, in joint-stock companies; "It

is," said he, "after deduction of the reserve, divided between the shareholders, that is to say that it goes precisely to the factors of production, which perform none of the manifold active functions of the entrepreneur ; all those, in fact, which assume the various responsibilities of general administration, of daily management, of technical and commercial direction, of financial control, have been recompensed by fixed salaries.

"Even the shareholders are not essentially the holders of capital, since half the social property belongs, in the example, which we have chosen, to bond-holding creditors, who are rewarded by a fixed interest. Where then is the element common to the entrepreneur and the shareholders which makes the latter heir to the right of profit? It lies, doubtless, in the passive role of the entrepreneur, which we have sketched by saying that he bore the risk of the operation. There, standing by itself, is the economic function, which is rewarded by profit: by its true name, it is called speculation." *

So, under the joint-stock system and but for the share allowed the managing staff, every element of labour disappears from profits. Individual initiative gives way to a bureaucratic organisation. The "*rois fainéants*" of

* *La participation aux bénéfices*, p. 85, Paris, Rousseau, 1898,

capitalism abandon the control of enterprises to the mayors of the palace.

We are constantly speaking of the ills of every kind which result from absenteeism in an agricultural country, but it is not merely in agriculture that this absenteeism plies its cruelty. It equally becomes the rule in industry from the moment when the sway of the joint-stock company begins to be general.

A great capitalist, for example, who makes investments in a whole series of enterprises—in order to make up for his risks, by virtue of the law of great numbers—loses his interest in these enterprises almost as completely as in the farms which he buys with a similar view to investment. And, in proportion as capitalism develops, the absenteeism of the shareholder becomes more complete, the ties between the proprietor and property become more impersonal and more slender.

“The old”—as the Monitor of material interests recently stated—“will still remember the time when shares in coal mines, even the Belgian ones, were only held by the residents in Liege or Hennegau. The first time that the Flemish bought any, there was general astonishment. Since then, everybody puts his shoulder to the wheel, and investments in coal mines, home and foreign, are current coin. It is the same with exotic values. It is hardly more than 15 years ago since the interior of

the country adopted (unsuccessfully too) those South American stocks and title deeds, with which formerly Antwerp alone had acquaintance and intercourse. But, on the contrary, Antwerp has begun to negotiate industrial shares, which previously were rather indifferent to her. Instead of two markets, Antwerp and Brussels, with different and sometimes opposite attractions, there is no longer any but a single market for Belgian capital."

So that between capitalists and the workers who toil for them, under the orders of an overseer, of a manager, himself earning wages, all collaboration, all co-operation in a common work finally disappears.

The cleavage between ownership and labour is becoming as complete in industry as in agriculture. The shareholder, in so far as he is shareholder, is nothing but an investor of money, more or less clever, more or less fortunate. The exploitation of man by man shakes off every veil, which covered it, when the holder of capital was at the same time leader of the enterprise; and, like the legendary dragon, couched on a bed of Rhine gold in its deep cavern, passive capitalism lives hugging its wealth in distant cities, motionless and formidable, scornful of the revolts and careless of the miseries of an unknown proletariat.

I recline and possess !
Let me sleep !

Surplus-Value and Profit.

To sum up, and according to the point of view at which one takes his stand, profits appear to us under two very different aspects.

On the one hand—allowing for wages of superintendence, of invention, of organisation, of enterprises—they represent the mass of surplus value which the capitalist class, by virtue of its right of property, wrings from the manual and intellectual workers, who happen to be dependent upon it.

On the other hand, if we look at their distribution among individuals, profits constitute the principal motive, not to say the only motive, of capitalist production.

It is the prospect of obtaining them which stimulates the accumulation of capital, which drives captains of industry to the battlefields of competition, which begets, in the fever of shaky and, too often, dishonest speculations—*inter stercus et urinam nascitur homo*—the manifold and imposing efflorescence of enterprises, which these latter years have seen spring up over the whole surface of our globe. But, whilst the active capitalists, the promoters and contrivers of enterprises, the modern *conquistadores*, with an energy, which in most cases is only equalled by their unscrupulousness, incessantly create new enterprises, and systematically lay new countries under contribution, passive capitalism, that dead weight of modern production, develops parallel with them.

And, thanks to the mechanism of joint-stock companies, which clearly differentiates the remuneration of labour, in all its forms, from profits realised passively by the shareholders, it appears from all evidence that the profits of these latter correspond to no actual labour, and are nothing but the product of stock-jobbing, the result of the individual ownership of capital.

But it will doubtless be said, it will still be necessary to prove—in order to justify socialist conclusions—that this same ownership is not legitimate. If profits do not represent any *actual* labour, they are the reward of a *past* labour. If there are passive capitalists, owners who do not work, it is, as a general rule, because they have worked, because they have earned the right to do nothing, by getting a fortune through toil and intelligence, by giving proof of exceptional faculties of invention, initiative and organisation.

There would be many things to find fault with in this reasoning. It would be only too easy to show that for the greater part of the time, the sources of huge fortunes are far from having this crystalline purity. The history of property, landed as well as capitalist, teaches us to recognise a multitude of other causes of enrichment ; encroachment on State land ; brutal or fraudulent expropriation of commons and peasant properties ; purchase at

a cheap price of mining and railroad rights, obtained for a trifle and very often bought back again afterwards, far above their value ; usury, unsafe speculations ; hits on 'change ; monopolies ; grabbings ; illegal combinations ; automatic and spontaneous increase of landed rents due to the development of population and industry ; appropriation by capitalists of the surplus value produced by the workers ; shameless exploitation of the genius of inventors obliged to sell their brains that they may not die of hunger. We could prolong this list indefinitely.

Nevertheless, let us suppose that it were otherwise. Let us admit for a moment, even against the evidence, that all capitalists may be self-made men, that all their efforts may have been legitimate, that all the holders of the means of production may have acquired their fortune solely by the power of their personal labour ; still that would not be a sufficient reason why society should confer upon them a perpetual and transmissible draft on the products of the labour of others ; that would be no reason why their children and their children's children should be from generation to generation " Heirs without labour of fields that reek with dead ! "

Admitting that a life-interest in property may be made legitimate by labour, hereditary property is evidently not so.

True, it is claimed that the right of

inheritance is socially indispensable, because it stimulates to labour those who dream of enriching their descendants or their heirs.

The argument may be valid to some extent, when heredity in a direct line, or even heredity by bequest, which Socialists in general propose to limit and not to suppress,* is in question; but will anyone maintain that it is the same when collateral heredity is in question—that last and henceforth unjustifiable survival of the time, when “the greatest family” was still a reality.

And on the other hand, is it not extremely probable that the fundamental injustice, which permits some to make others work instead of working themselves, aims at the productivity of social labour a heavier blow than the limitation, even when excessive, of heredity by bequest or from intestate persons.

So we have the profound conviction that

* See for example Colin's *La Science Sociale*, V. pp. 320 and ff.; Schaeffle *Quintessence of Socialism*, p.p. 94 and 95: — “The denial of the right of private and family inheritance is neither a necessary consequence, nor an essential interest of Socialism. Socialism could, with reason, say to the fanatics, who wish to ‘abolish’ the right of inheritance: may God preserve me from my friends! . . . This right of inheritance would, moreover, be in itself limited; for the excess of the means of consumption, which alone could be bequeathed, would be forcibly contracted, because the actual wealth in the means of consumption, possessed by individuals would disappear with the sources of rent.” [Trans-translation.]

the productive power of modern societies would be considerably increased, if the socialization of the principal industries suppressed, or in large measure reduced, the unearned incomes which are derived from capitalist property.

CHAPTER II.

THE ADVANTAGES OF SOCIAL PROPERTY.

We are all Socialists now.—Sir William Harcourt.

WHEN the Socialists, relying on the progress of capitalist concentration with the consequences which it brings from the point of view of the exploitation of labour, seek the socialization of industries already ripe for collectivism, they do in short but extend and generalize tendencies which show themselves in the very heart of actual bourgeois societies.

Without speaking of the administration of justice, socialized for centuries, or of educational institutions which, despite the resistance of the churches, are more and more being transformed into public services, it is indisputable that in economic order, the collective domain tends to increase continuously. "The taking possession by society," said Hamilton, "is already, for one part, so completely realised that the return to private initiative could not again be taken into consideration—for example, in the matter of currencies, of post-offices, of highways. The reasons are easy to understand.

The more civilization progresses, the more also have institutions of such a kind to be exploited on a grand scale and with a reciprocal unity and cohesion. If they were entrusted to private persons or to associations, their action would, in all cases, have to be brought about by means of an administrative staff established in imitation of the State's, and consequently without that stimulus to individual interest, which otherwise constitutes the advantage of private production.

If any competition exists, the end is attained but incompletely, and in a less economical manner—for example, in the case of several railway companies in competition. If, on the contrary, this competition does not exist, the public suffers in many ways, and the private interests of the owners make themselves felt by tyrannical means. As much from the point of view of production, as from that of the distribution of wealth, we find perceptible advantages in the social organisation of such enterprises.*

These advantages of exploitation by the state, or by other public entities such as the provinces, and especially the townships,† are of a very diverse character : on the one hand,

* Comte De Hamilton, *Le développement des fonctions de l'Etat, dans leurs rapports avec le droit constitutionnel*, *Revue d'Economie politique* 1899, p., 140.

† On the latest progress of municipal socialism in England see Harrison *Municipal Trading*, *Economic Journal*, June 1900. See also the *Municipal Year Book*.

profits realised, instead of benefiting stockholders, appear as a reduction of taxation charges ; on the other hand, as anxiety for maximum profits does not exist, or does not exist in the same degree as in capitalist enterprises—except of course when fiscal monopolies are in question—the boards of directors which have the management of exploitation, more easily obey prepossessions or suggestions of social order, especially in what concerns the condition of labour, the purchase of raw materials, the cost and the quality of products or of services, and, finally, the interest of generations to come.

The profits of public enterprises, socialized industries, and especially monopolies, natural or artificial, may be directly a source of revenue to the community which exploits them. At Brussels, for example, gas by itself yields nearly 2,000,000 francs annual profit. In France, the monopoly of tobacco which raises the price of this product to 6 times its value, brings in to the Treasury on an average more than 300 million francs annually.

It goes without saying in fact that these profits are nothing else than indirect taxes. From the moment when a public administration ceases to sell its products at net cost, the profits which it puts into the Treasury have necessarily a fiscal character. And, in a collectivist society, the first-charges which the community would put in force,

before any individual distribution, in order to provide for the general needs, would be equivalent to present day taxes. But if there are products like tobacco and brandy which may legitimately serve as taxable matter, there are others like water and gas, for example, which, as they satisfy needs of prime necessity, should not be burdened with any overcharge.

Moreover, at the present time, certain local administrations furnish them either at a net cost, or below cost, or even gratuitously.

In his book on *Socialism in England*, Métin cites two small towns, which give gas gratis to all their inhabitants.*

At Schaerbeek, one of the principal suburbs of the densely crowded Brussels area, the intentional deficit on the water service is covered by a special tax, proportionate to the revenue.

At Geneva, the city which, since 1896, has undertaken the services of water, gas, and electricity, draws a small profit from the lighting and water for domestic use; but on the other hand it distributes strictly at cost the hydraulic power and the electric power, which two huge works derive from the waters of the Rhone.

The same tendency to the systematic lowering of profits is found again in most of the English municipalities, and in a general way,

* Métin, *Le Socialisme en Angleterre*, p. 226, Paris, Alcan, 1897.

one may say, that in every place where the socialist spirit is developed, the fiscal character of public enterprises is weakened. "No town has gone so far as Glasgow, from the point of view of municipal organization, and no town finds itself higher, from the point of view of the efficiency of its administration and the standard of public spirit, but, nowhere also, on the whole, are the charges for municipal services so small : nowhere has the policy of small profits been so systematically pursued."^{*}

To act otherwise, and to demand great profits for services of general utility, is to re-establish under another form all the inconveniences of the tax on consumption, so justly called the tax on distress.

In our opinion then, in order to appreciate the advantages of socialization, one must approach the question much less from the standpoint of profits than from that of the interest of the employees and of the public.

The condition of the employees as a general rule, the conditions of life and labour, which characterise the lower class of employees in the social or communal industries are better

* Donald, *Municipal Trading and Profits* (*Economic Journal*, Sept. 1899, p., 383). Cf. Labriola. *Sul socialismo municipale* III. (*Le imprese municipali debbono dare un profitto?*) *Critica sociale*, June 1, 1900. For an opposite view, E. Cannan—*Ought municipal enterprises to be allowed to yield a profit?* (*Economic Journal*, March 1899).

than in private enterprises. "Private Companies," said the Message of the Federal Council, with regard to the purchase of Swiss railroads—"are naturally disposed to reduce as far as possible the outlay for employees; all make it a special rule to pay certain higher-grade services very well, but as an offset to economise on the lower-grade wages and positions, which, being the greatest number, constitute the highest expense."* In public industries, on the contrary, it is rather the opposite tendency which predominates.

Not that the wages of the "tall hats" are insufficient to secure them a decent living—the small employees even think them too luxurious—but everything is relative, and oftener than not, these salaries are lower than those of private industry to such an extent that the latter succeeds in "enticing away" the best officials, in draining away the most capable men, the most noted for technical skill.

Moreover, we have recently seen the brilliant head of the Department of Industry and Labour in Belgium give up his office to put himself at the head of a vast commercial enterprise.

If in spite of all, the corps of officials still includes, side by side with wretched, expensive

* *Message of the Federal Council to the Federal Assembly with regard to the purchase of the principal lines of Swiss Railways*, 25th March, 1897, p. 58.

"budget-eaters," a fairly large number of men gifted with energy and intelligence, it is, principally, because of the super-abundance of intellectual workers. It is none the less true that in a social state where money constitutes almost the only motive, the only reward for labour, state industries can only have picked managers by securing to them the same advantages as are enjoyed by the officials of private industry.

As for manual workers and small employees under public authorities, if we may say that often, we may not say that always, their wages or their salaries are higher than those in private enterprises; the Belgian state, for example, pays its engineers much less than the great French companies. Nevertheless, there is no doubt that in a democratic state, in a country governed by a parliament, where the mass of the people take part in elections, if men are determined to secure better conditions, they may attain them more easily when exploitation is carried on by the state, responsible to public opinion, rather than by companies which escape its control or nearly so.

Then, moreover, even if the nominal wages of state employees are lower than those of private industry, the workers gain in security what they lose in money. They are contented with less remuneration, for the same reasons that the holders of government stocks are

content with less interest. The stability of their employment makes up for the inferiority of their wages. It guarantees them against the risks of unemployment, of illness, of inability to work by reason of accident or old age, which hover like a threatening shadow over so many workers' lives;* and this guarantee, this assurance of daily bread, constitutes so precious an advantage that in order to obtain it, state workers support with unwearied patience, all the vexations, all the impediments which the discipline of administration places upon their political liberty or upon the exercise of their constitutional rights, and especially of their right of combination.

We ought not to forget, in fact, that from this point of view, the despotism of the state employer is no better than the despotism which holds sway in most of the workshops run by private industry, and it is inevitable that this state of things should continue as long as the confusion of public services and of public powers continues, under the direction of managers of the capitalist class.

The Purchase of Raw Material.

Under the régime of capitalist exploitation,

* *Revue de Travail*, 1899, p. 1266, Malines. *Furniture Industry*. "Some employers complain of their difficulty in obtaining workers, caused by the presence at Malines of the state arsenal, where many good workmen try to get admitted, in order to make provision for their days of age."

the small producers, and especially the small farmers who furnish raw material to the great agricultural industries, find themselves almost always abandoned defenceless to the fluctuations in price which result from industrial anarchy, or even to the cast-iron contracts imposed on them by the cartels of the manufacturers of sugar, tobacco, chicory, gin, etc.

When, on the contrary, one or other of these industries happens to be under a public department, the State, by reason of the power of purchase at its disposal, may have a considerable influence on the price of products and the conditions of labour of those who supply them.

This influence certainly presents real dangers when the public power is in the hands of a coterie, of a party, or of a class ; but, on the other hand, when it is inspired by regard for the general interest, it may have results very beneficial to the producers of raw material.

In Switzerland, for example, the administration of the alcohol monopoly, which in this connection has been very unjustly accused of practising the system of the "electoral potato," * renders important services to the poor cantons by utilising for distillation the potatoes which they cultivate, instead of

* Perhaps a suggestion that orders for potatoes were given to farmers in order to secure their votes.

resorting, as private distillers formerly did, to maize and other foreign cereals.

In France, thanks to the institution of the tobacco monopoly which limits the area of cultivation by the extent of what is required, the over-production, the instability of prices, the ruinous depreciations which have hit the Belgian planters so hard during these latter years, are avoided. "The tobacco crop," said A. Wagner, "is bought by the Administration at prices which the Minister of Finance fixes each year in advance, and makes known publicly, for the different qualities of tobacco. In this way, the planter receives a price which is not only remunerative, but which remains almost uniform from year to year. He thus acquires—a very beneficial difference from 'free trade'—a solid basis for his estimates, which is a real blessing for the cultivator." *

It would be the same with the cultivation of beetroot, if socialisation of the sugar industry would come and deliver the country people from the often odious exploitation which the middlemen cause them to undergo daily. The expropriation of these latter would, besides, have the advantage of relieving the miserable condition of the proletariat

* Wagner, *Lehr und Handbuch der Politischen Economie—Vierte Hauptabtheilung: Finanzwissenschaft, Dritter Theil: Tabak Monopol*, p. 725 et s. (Leipzig, 1889).

in the sugar-factories, and apply the only really effective remedy for the innumerable frauds in weight, tare, and density which are committed when the beetroot is received, to the injury of the farmers, and especially of the small cultivators incapable of exercising any real control.

In a general way, besides, it may be said that the socialisation of the means of production and of exchange would cause to disappear the frauds, falsifications, and corrupt practices of every kind which the mania for profit almost inevitably engenders under the capitalist system.

The Cost of Products and of Services.

We have already shown the present tendency of the public services to eliminate the fiscal prejudices which were predominant at the outset, in order to approximate more and more to communist distribution or at least to sale at net cost. Wherever, on the contrary, monopolised industries retain their capitalised character, the rise in prices is a real injury to the public or to the producers who depend on these industries.

At Paris, for example, the Gas Co., whose monopoly will doubtless be renewed by the new municipal council chosen by the small bourgeois, furnished gas for lighting purposes at 30 centimes the cubic metre, whilst in English towns merchants only pay 8 to 10 centimes to the municipal authorities.

The inconveniences of monopolisation, and the advantages of socialisation from the point of view of prices or of rates naturally attain their maximum when fundamental industries, like the mining industries, or even the transport industries which hold all the others in dependence upon them, are in question.

Of course, we are the first to say, the exploitation of state-railways, as they are organised in Belgium or in Germany, gives rise to many just criticisms. But it remains none the less certain that, from the point of view of rates, as well as of advantages allowed to industry in general, it is indisputably superior to management by private companies. As was stated, with reason, in the Message of the Swiss Federal Council proposing the purchase of the railways, the Companies work the good lines, and as regards the bad ones, only do what they must.

Sometimes, even, they do nothing more than the minimum provided by the rights allowed to them, because anxiety for dividend dominates everything. "There are," said Wolfe, "whole regions in England, and especially in Ireland or in Scotland, which are absolutely deprived of railways, because the establishment of these would not pay the companies."*

The State, on the contrary, finds itself

* A. G. Wolfe: *The Nationalisation of the Railway System* (pp., 6 and 7) London. The 20th Century Press, 1894.

morally bound to sacrifice a part of its profits to establish railways in the disinherited regions.

In Germany, in Austria, in Belgium there is a number of lines the establishment of which had no other object than to meet social convenience.

And, nevertheless, in spite of these burdens, undertaken in the general interest, in spite of heavier expenses, brought about by the good pay of the lower-grade employees, there is no doubt that in countries, where the railways are managed by the State, the transport rates both for passengers and for goods, are lower than in France and particularly than in England.

This is what was pointed out, in April 1899, before the London Society of Arts, by one of the first English engineers, T. Forster Brown, a student of the coal-mining industry from the point of view of international competition.

"At the present moment," he said, "the serious competitors of England are Germany and Belgium. The State-railways in Germany have reduced their rates to half what is paid in England, and have, by that very fact, developed the coal-trade at home and abroad."

And this advantage is all the greater, because the unification of the net-work of railway in the hands of the State, allows all the industrial districts of the country to profit by it.

It is chiefly considerations of this kind which

decided the Swiss Government on effecting all in a lump, the purchase of almost the whole of the railways situated in its territory.*

Likewise it was these considerations, to which M. Vandeenpeereboom appealed, when, discussing] the proposal to take over the Grand Central again, he defended in these terms the principles of State management. "Doubtless if we were to seek for the realization of solutions easiest from the governmental point of view, we should sell the railways. They cost 1,400 million francs ; they are worth 2 milliards ; and if the transaction were carried into effect, the Belgian debt would be almost entirely repaid, we should have no more anxiety about budgets in the future, and we should have done away with all the difficulties which the organisation of a vast administration brings with it. But there is a higher point of view, there is the interest of industry and commerce. One may say without hesitation, that this immense prosperity which you see, and which is without precedent in our own history and perhaps in the history of any other people, is due to this powerful instrument of labour which is in the hands of the State.

"My predecessors and I, for 30 years, have gone on having in view only the development of industry. To-day, people seem to be sorry that they have not been in the hands of merchants, who would have drawn from the

* *Message*, of 25th March, 1897, pp., 42 and 73.

service a profit of several millions. On the day when all the railroads will be in the hands of the State, the Chamber will have to deliberate on the question whether the State itself must be manager or yield the management to Companies, but I repeat that on the day when we shall have to come to the latter decision, the hour of industrial and commercial decadence will have struck.”*

It is hardly necessary to point out that these arguments, which made a great impression on the Chambers, apply *mutatis mutandis*, to all other branches of the transport industry. What is true of railways is no less true of tramways ; and whilst in France or in the United States the régime of companies and of trusts gives deplorable results, in England we may say that the experiences of the municipalization of tramways have had a definite issue.

To prove the point, it will be sufficient for us to quote this passage from the *Municipal Year Book* of 1899. “No branch of municipal enterprise has made so rapid progress, during this last year, as that of the management of tramways. Almost without exception all the great towns have municipalised their tramways or are on the eve of doing so. The expiration of the companies’ leases coincides with the inauguration of new methods of traction, and before many years, the facilities for rapid

* *Annales parlementaires*, 1896-97, p., 1663, 15th June, 1897.

transport in the great centres will be completely revolutionised. So, many municipal corporations, impatient to take the tramways under their control, do not wait for the expiration of the "rights," and repurchase the lines over which powers have been granted. It is recognised now that the service of tramways can only give the maximum of advantage to the people when it is managed, as well as owned, by the municipality."

Those who are still in a doubt on this point would do well to compare the jolting coaches at a 30 centimes fare which disgrace the Paris roadway, with the elegant carriages bearing the city's coat of arms, which for five centimes (a half-penny) convey passengers to the four corners of Edinburgh or Glasgow. They will thus have the opportunity of convincing themselves that the tramway administration is superior to the omnibus, not only from the point of view of rates, but also—and this leads us to speak of another series of advantages of socialization—from the point of view of the quality of the services rendered.

The Quality of Products.

The economists who are most hostile to state monopolies are obliged to admit that these latter have the advantage of supplying to the consumers products which are generally purer than those of private industry. "With

very high duties " said Leroy Beaulieu, " the governmental monopoly is the only method of having suitable products, wholesome and unadulterated." This fact is indisputable. During the discussions in the German Parliament in 1877-78 with regard to the tobacco tax, the vice-president of that great body, M. de Stanffenberg, said " We smokers know well that we smoke, but we are far from knowing what we smoke ; the use of substitutes for tobacco is already practised on so large a scale that one could devote a whole lesson in botany to the description of the vegetables which rub against each other in our tobacco and our cigars, from the beet-leaf to the leaf of the cherry-tree. What will it be when tobacco is burdened with an extra tax of 55 to 75 francs." The taxes in France are much higher than those of which this orator of the Reichstag spoke, and products are pure. That is a very great argument in favour of the monopoly.

The same argument would be valid in favour of the monopoly of alcohol, if, as was formerly believed, the purity of the spirits constitutes an important factor in the struggle against alcoholism.

We know, in fact, that since the introduction of the monopoly in Switzerland, the rectification of alcohols—so defective under the system of the domestic still—is accomplished under conditions so perfect that in

order to get the consumers, who found it too insipid, to take the federal "schnaps," the Confederation had to add to it 15 per cent. of fusel oil (impurity from potato spirit), a quantity which is, however, considered harmless.

But let us hasten to say, granted that alcohol, even when perfectly rectified, is none the less a poison, it is for other reasons and especially in order to facilitate measures designed to restrain its consumption that we are in favour of the monopoly of its manufacture and sale.

On the other hand, when we are discussing food produce like bread, butter, milk, groceries, in a word all the products over the sale of which the authorities often exercise a control as burdensome as it is too often impotent, it is certain that the argument drawn from the better quality of the products pleads powerfully in favour of socialization by the state or by the municipality.

At the present moment, the grocers have a reputation as adulterators, which certain honourable exceptions do not avail to make us forget. Dairy-maids, notwithstanding police supervision, are unwilling to give up the vexatious habit of baptising their milk. As for butter-makers, small and great, they have so frequent relations with the margarine makers, that the latter publish in their price lists models of elegant baskets, and even of

make-believe kitchen utensils, which allow of the introduction of margarine into dairies without arousing the attention of the public or of the agents of the authorities.*

Finally if we wish to take into account the inconveniences of the small baking industry, as regards the quality of the products, there is nothing more disagreeably suggestive than the description of Baron Fred. de Weichs-Glons in a sketch in the *Revue d' Economie Politique* on the municipalization of the baking industry.

"Let us enter for a moment," he tells us, "one of the bakehouses of any kind belonging to our bakers; we shall not be long in feeling a deep disgust at the sight of what is going on, contrary to the most elementary rules of hygiene. We see them almost all established in dark, damp retreats lower than the street, which can only be reached by a break-neck

* Packing leaves room for considerable abuses. A great quantity of margarine is sold to retailers in the most various receptacles, fancy baskets, house-keeping utensils, kitchen utensils, etc. The very prices at which these receptacles are offered, clearly indicate that they are designed to conceal goods, at least as much as to contain them, and one is astonished sometimes at the quantity of margarine retailed in his cellar or in a back shop, by some merchant whose show of goods would at first sight classify him among basket-makers or iron-mongers, or tin-ware merchants.—Merode: *Report on the proposed law for the repression of frauds by means of margarine*. (Belgian Chamber of Representatives, 7th March, 1900).

staircase or a ladder, in unventilated cellars, which have to be lighted even by day, which are dirty and overrun by every kind of vermin. The floor, the ceiling and the walls are seldom or never cleaned ; the conveniences are repulsive, and without water for flushing, and often placed inside in the bakehouse. One cannot wash there ; no pocket handkerchiefs are to be seen, no spittoons, no sink under the water tap. The kneading troughs serve for beds and for tubs to wash linen, and it is actually with dirty water that the dough is made. The air is rarely or never changed, especially in winter, in order to economise fuel ; so it is stifling, reeking with steam, coal smoke, tobacco fumes, the products of fermentation, and the smell of perspiration."

Of course, we do not claim that this state of things is general, or that the baking industry makes its products everywhere under conditions as deplorable as in Austria ; but in any case, it is indisputable that the manufacture of bread in the great co-operative societies forms a happy contrast to this lamentable picture. So it is partly with the object of universalising the advantages of these model bakeries that the municipalisation or nationalisation of the baking industry is proposed.

It is equally for motives of hygiene, and at the same time to avoid an appalling waste of time and energy, that the municipality of Glasgow has made a study of a system of

convenient distribution of milk, previously analysed and sterilised by the agents of the corporation. The author of a pamphlet entitled *Milk and Postage Stamps*, insists at length on this fact, that independently of the hygienic advantages of the distribution of milk by the community, we should in this way save all the time which milkmen spend in effecting the conveyance of milk to the homes—conveyance for which a small number of agents distributing milk from door to door, exactly as postmen distribute letters and newspapers, would be sufficient.

To sum up, then, and we would not multiply examples uselessly, there is no doubt that exploitation by the State, or by the municipality, not being dominated by the mere desire for profit, offers at least the advantage of supplying the public with products of a purity and a genuineness which no one can call in question. Consequently, the progress of socialisation occasions an indisputable progress in the morality of economic relations.

The Interest of Generations to come.

Independent of the immediate advantages which the State draws from socialisation, we must take into account the fact that exploitation by the State is a much better guarantee of the preservation and rational management of the soil and subsoil than capitalist exploitation.

The history of the iron mines of Belgium, plundered by their lessees, is sadly instructive in this respect, and doubtless one may apply to other countries the severe criticism which we find in the *Universal Review of Mines* (January, 1900) with regard to the management of English coal mines. Though the coal mines of England still have resources which would allow of maintaining the present rate of production for three centuries, to the depth of 1200 metres, the managers are "taking the cream off" this wealth in such a way that in 50 years we shall only be able to count upon coal more expensive to operate, and, consequently, the rise in price in the latter will become permanent. When the Transvaal Government, at the beginning of the South African war, took possession of the gold mines on the Rand in order to exploit them for its own profit, its engineers made exactly similar statements. "In many places," wrote Engineer Kubale, who was entrusted with the management of the Rose-deep works, "I had the impression that the mines had been 'sifted' by the preceding directors, that is to say, that they had simply taken out the rich ore from it without any regard to a proper working of the mine, and without any method of assaying it properly."

The same recklessness of the future makes a still more blunt appearance, and with con-

sequences more immediately disastrous, in the destructive exploitation of the forests by most of the private proprietors. "Soon or late," we read in the *Bulletin of the Central Forestry Society of Belgium*, "the private forests are in danger of being destroyed, or of no longer playing the part which devolves upon them from the point of view of the general interest. The owner has no care whatever for the influence which the exploitation of the forest may have on the climate, the water system or local industry. He sees only his own interest."

It is for these reasons that all the agents for the administration of forestry, as well as the majority of economists, declare themselves in favour of the preservation, the restoration, or the extension of the State forests, and, it is important to notice, almost all the considerations to which they appeal, apply equally to other wealth of the soil and subsoil, which should be administered in the interest of generations to come.

Summary and Conclusions.

The advantages, which we have just analysed have, at least in certain industries, an importance so considerable, that, despite prejudices, hostile interests, and even very weighty arguments which may be opposed to exploitation by the capitalist State, the movement in the direction of the extension of the collective domain shows itself in democratic

countries with a perpetually increasing intensity.

Even those who profess the most blustering aversion to collectivism, are driven by force of circumstances to practise collectivism without knowing it. "The individualist municipal councillor" wittily says Sidney Webb, "walks along the municipal pavement lighted by municipal gas and cleaned by municipal brushes with municipal water. Seeing by the municipal clock in the municipal market that he is too early to meet his children coming from the municipal school, situate beside the County Lunatic Asylum and the municipal hospital, he will use the national telegraph to tell them not to come by the municipal park, but to take the municipal tramway, in order to meet him in the municipal reading-room close by the municipal library and the municipal museum, where he desires to consult certain national publications in view of the approaching speech, which he expects to deliver in the municipal council chamber on canalisation and the increase of Government control over the railways."

Of course we hasten to say, and we shall hardly be slow to point out, this fragmentary collectivism, this nationalisation or this municipalisation of public services, under a bourgeois régime, differs profoundly and essentially from collectivism in the correct sense of the word, and in many industries its

extension would present more inconveniences than advantages.

Up to the present we have spoken only of these latter, which may, to sum up, be referred to one and the same cause: public authorities not having the desire for gain and the insatiable appetite for profit, which characterise capitalist exploitation, show themselves more anxious for the general interest, more disposed to take into account other considerations than profits to be realised.

It is self-evident that the officials with a fixed salary, absolutely without interest in the profits of an enterprise, have not the same motives for clipping wages, for time-cribbing, for levying toll from consumers, for adulterating products or wasting the natural wealth which forms the common inheritance of the generations, as private individuals on the hunt for a fortune have. But, on the other hand—and here is the reverse of the medal—whenever officialism, public or private, rules, this disinterestedness, this pecuniary detachment from the interests of the enterprise, *in a social state where everything paralyses the action of altruistic factors*, must inevitably exercise a depressing influence on the initiative and energy of the leaders of production.

The productive superiority of industrial unification, of the socialisation of labour, is partially neutralised by the apathy of the spirit of routine, the red-tape slowness, the wasteful

habits, the indifference to the tastes of the public, with which modern bureaucracy is too justly reproached. And if we may quote as a model the management of municipal services in certain democratic towns all that we can say in favour of the majority of State industries is that, while offering the advantages of collective appropriation, their inconveniences from the point of view of production do not exceed, or hardly exceed, the similar inconveniences which exist in great private companies.

Besides, however that may be, it cannot be repeated too often that it is a clumsy error to regard collectivism as an extension pure and simple of the actual public domain. As long in fact as the social reign of the bourgeois continues, public enterprises remain of necessity capitalist enterprises, exploited by the State as employer, if not exclusively in the interest of the governing classes, at least paying most attention to that interest.

CHAPTER III.

THE ADMINISTRATION OF THINGS.

"When everybody is an official, there will be no more officials."—Jean Jaurès.

IN spite of the protests, a hundred times repeated, of all Socialist theorists, the majority of their opponents insist on claiming that collectivism has as a formula "Everything for the State."

That is, obviously, to create an ambiguity by playing on the double sense of the word State.

The State may be, in a broad sense, any social organisation whatever; but it may also be the gendarme State, the police and bureaucratic State, the instrument of government which has for its essential aim the safeguarding of the sum total of the interests of the propertied class.

And, by an incredible distortion of Socialist doctrine, they go so far as to say that it is to the gendarme State, to the State in its present-day shape, that we wish to entrust the direction of all enterprises, the monopoly of all industries, the high hand over all branches of production and exchange.

If this were really so, Socialism would have no more bitter opponents than the Socialists themselves.

We are the first to recognise, in fact, that such a régime would offer, from the point of view of individual liberty as well as from that of social productivity, the most serious dangers. Only, what some people forget, or pretend to forget, is that Socialism seeks not merely collective appropriation, but an organisation of labour essentially different from that which exists to-day.

Now, in order that this Socialist organisation of labour may be established, we must assume first of all, a whole series of transformations, not only in the moral and intellectual order, but in the politico-social order, and especially the conquest of the public powers by the organised proletariat, the differentiation of the Government State and the industrial State, the decentralization of social enterprises, characterised to-day by the most stifling centralization.

The proletarian conquest of Public Powers.

The fundamental difference between exploitation by the great companies and exploitation by the State, the municipality or other public entities consists in the method of constituting the controlling will.

In the first case, it proceeds from the meeting of shareholders, and consequently draws

its inspiration exclusively from their private interest.

In the second, on the contrary, it proceeds, or at least is supposed to proceed, from the generality of citizens who compose the State or the municipality; and consequently in proportion as they participate effectively in the exercise of power it draws its inspiration from the general interest.

But it goes without saying that if the power belongs to an absolute monarch or else to a controlling oligarchy, the exploitation of the public services may run directly counter to the interest of the greatest number, and tend to the exclusive profit either of the sovereign or the governing class.

So it frequently happens that in a capitalist State, and especially in a monarchial and militarist State, it is the Socialists themselves who protest with the greatest emphasis against certain extensions of the collective domain. The German Social Democrats, for example, have been in the front rank of the opposition to Bismarck's schemes with regard to the tobacco monopoly, to Kaunitz's with regard to the wheat monopoly, or more recently to the proposals of the agrarians relative to the transformation of the Reichsbank into a State bank. "To demand to-day the creation of a State bank"—said Schoenlank at the Reichstag, in February, 1899—"would be to supply the Junker with arms, to facilitate their

schemes of spoliation, to help them to paralyse the progress of modern production."

Likewise in his book on the agrarian question K Kautsky clearly declares against the bourgeois formulas of the nationalisation of land, which would have no other effect in an absolute monarchy like Germany than to increase the number of tenants of the State, to supply it with resources for casting cannon, constructing fortresses, building ironclads, and permitting it in a word to accomplish enormous unproductive expenditure, while escaping the financial supervision of Parliament.

In brief, the first condition required, in order that the extension of collective ownership should be to everybody's advantage, is that the government should belong to everybody.

And, if it is true, that in the more or less democratic countries, the proletariat at present exercises an influence of such a kind, that the social interest predominates in the exploitation of certain State monopolies, what is to-day the exception will only become the rule when the complete conquest of the public powers will definitely establish the political emancipation of the workers.

But, however complete may be this transformation of powers, it will not by itself be sufficient to wipe out the manifold disadvantages which result from exploitation by the State in its present form.

Most of them proceed in fact from excessive centralization, and from the complete confusion which exists almost everywhere between the governmental functions of the State and its economic functions, between what Schaeffle calls *Staatswirtschaft* (State economy) and *Volkswirtschaft* (social economy), between the government of men, and the administration of things.

The Government State and the Industrial State.

The government State is not a moral entity, but a complex, multiform, protean agglomeration of moral entities, exercising the most diverse functions.

Side by side we find in it martial institutions, bequeathed by the centuries, and industrial institutions added by modern times.

Represented by its ministers, it is at once general, head of the university, chief magistrate, prefect of police; and on the other hand director of post offices, of telegraphs, of telephones, of railways; builder of bridges and of highways, inspector of industry and mines, patron of agriculture, minter of currencies.

"In France," said E. de Laveleye, "the ministers dispose, at first, of a sum of three milliards, which exceeds the revenue derived from the ordnance-survey tax on lands. Besides, they control the budgets of the

municipalities, the departments, and the benevolent institutions, which again mount up to a good milliard. They support, regulate, and supervise public schools of every kind and of all grades. They nominate bishops, and with one hand pay the ministers of worship, with the other the dancing girls in short clothes, who display their charms at the opera. They support institutions, academies observatories. They determine how many acres will be planted with tobacco, how many plants each acre shall have, how many leaves each plant, and they appoint for this purpose special inspectors entrusted with the duty of counting them; they sell this narcotic in "Special Appointment" shops, for which they elect innumerable agents scattered over the whole country. They convey letters, telegrams, newspapers, and this demands another whole legion of employees: they make roads and railways, build bridges and excavate canals: they exploit the national forests, replant the hills with woods, and supervise the woodlands of private individuals: they make porcelain at Sevres, and carpets at Gobelins: by customs duties, excise duties, and bounties to favoured industries, they determine the division of labour in all branches of production."*

And for the supreme direction of these

* De Laveleye: *Revue des deux Mondes*, 15th Dec., 1882.

manifold services, managed in fact by competent but irresponsible officials, a certain number of politicians is chosen, responsible but incompetent.

When the presidency of the board of directors of private railroads is a real profession; when, likewise, it would be a simple matter to place at the head of the state-railways, engineers, experts, professional men, strangers to politics, they go off and search in some province for lawyers, politicians, who, oftener than not, have no other claim to the management of national locomotives than the services which they have been able to render to their party.

The same minister—it was the case in Belgium with M. Vandenpeereboom—directs the railways and guides the car of state.

If he meets with a political reverse, he resigns at the same time his technical functions, and it is precisely this confusion, this incapacity or this instability of ministers, this anomalous medley of contradictory and incompatible functions, which supply liberal economists with the clearest of their arguments.

Recurring to the system of the drunken Helot, dear to the Spartans, they show us the bourgeois State, with its bureaucratic parasitism, its suffocating centralisation, its irritating code of regulations, its wasteful administration, and they tell us, “there is the

régime which you wish to make general." Now, it is exactly the opposite which is true.

Collectivism does not imply merely the collective appropriation of the means of production and of exchange. It seeks, in addition, the differentiation of the State—the State which is the organ of government, and the industrial State, the banker, the entrepreneur of the means of transport, the organ of the economic life of society.

We say "differentiation," and not "separation," for if the industrial services, the economic organs, must have an independent existence indispensable to their proper operation, they could not have an existence independent of the State, in so far as it is the organ of the collective will.

Legislative intervention, the present form of which is to regulate hours of labour, to organise working men's insurance, to protect the workers against the employers' abuses of authority, obviously would continue its existence if the enterprise had a public character. But, more and more in proportion as the collective domain extends, the necessity of a differentiation of economic and political functions will increase, a differentiation as complete as that which exists in the individual organism between nutrition, digestion and circulation on the one hand, and the functions of the nervous system and the parts related to it on the other.

Moreover, this is at present the tendency in all countries, apart from any preconceived idea, under the pressure of circumstances. Everywhere, in fact, a distinction more or less clear between politics and administration is demanded or realised. In 1898, for example, the federation of the industrial and commercial associations of Belgium, complaining rightly or wrongly of certain anomalies in the rates of railway freights, declared "that these abuses will last as long as the railways are exploited by the State and managed by the politician, who will always be exposed to touting and pressure of all kinds." It demanded, in consequence, "the establishment of a consultative rate committee, composed of railway officials, members of Parliament, and representative of Belgian commerce and industry, whose opinion the minister would be bound to take before arranging or altering the rates."

A Bill has been introduced into the French Parliament with a similar aim.

More recently, in articles, which he has published on "Postal anarchy" in France, anarchy which moreover he seems to have considerably exaggerated, P. Leroy-Beaulieu declares in his turn for the separation of the political State and the post-master State. "It may be asked," said he, "whether we were well-advised in putting the postal-service under control of Parliament, that is to say in

putting at its head an under-secretary of State, a deputy or a Senator. Postal administration is absolutely non-political; it can only be managed by a man who has imbibed during his career a certain technical ability. Why then put at its head an ornamental personage, necessarily incompetent, professionally a makeshift? " *

And why then, we shall add, generalizing these just observations, put personages of the same kind at the head of other public services and especially of the transport industry, which is more and more becoming a State monopoly?

Why not imitate the example of the Swiss Government, which in a projected national bank, as in a law which regulates the organization of the railways, promulgated in 1898, has taken good care to set up a water-tight partition between politics and public administration?

The administration of the Swiss railways, in fact, preserves relatively to the central power, a full and complete autonomy. The members of its Council of Management are nominated, partly by the Federal Council, partly by the Federal Assembly, partly by the different cantons. Their functions are incompatible with political and governmental functions. They are professionals who are not politicians, instead of being professional politicians. The same system of autonomy

* *Economiste français* 13th Jany., 1900.

exists, and has produced excellent results in most of the English Colonies in Australia, for railways; in the United States, for departments of labour and of public instruction; in Belgium, for the Saving Bank and the Municipal Loan-Bank—State institutions, but legal entities distinct from the State—; in England, on the municipal field, for School Boards, Health Committees.

By extending this system to all public services, we should do away with the manifold inconveniences, which result from the incompetence or the ministerial instability and the improper intervention of the State-power in the domain of production.

But this reform by itself would be radically insufficient: it would bring no remedy for the organic defects displayed by the State in its actual form.

The Decentralization of Social Enterprises.

In the administrative order, as in the political, the characteristic of the present régime is centralization pushed to the extreme.

From top to bottom, in every form of administration whatever, there reigns a system of management which has much more regard to decision than to execution, which unnerves initiative and does away with responsibility. In the Belgian State-railways for example—and one could say as much for other countries—an engineer in charge of a shop cannot

modify in any way the processes, or the system of management of the service which is directly entrusted to him, without the authorization of his chief, who has in his turn to ask for the authorization of the management, which again in the majority of cases has to ask for the approval of the council of administration.

In a word, every new proposal has to pierce three zones, in which it has many a chance of meeting obstacles in red-tape, ignorance or hostility. If it comes from a man of much will-power he will overcome these obstacles, but as men of this calibre are the exception, initiative speedily finds itself rebuffed, and oftener than not, becomes in the end ineffectual.

On the other hand, this triple shell, which is required by the organization itself—with the object of referring everything to the centre—has the effect of doing away with responsibility. Granted the habitual incompetence of the minister, it is the council of administration which represents the public, as regards the control of the economic management. But upon whom will the blame be laid, if the administration has been bad? On the management? Impossible, since the management has decided nothing, and can decide nothing without the approval of the council. As for the management, the head of the department, the engineer in a workshop, not one of them has tried to exercise this control in the name of the public interest,

since no measure has been taken, without at the outset pledging the responsibility of all.

This system has struck its roots so deeply that the control in public enterprises comes about, not from the economic point of view, but from the formal point of view. The great question is to know if the authorisations have been asked and obtained, from the hierarchy of ranks in their proper order. The net cost plays no part in it. The manager of a workshop never takes working expenses into consideration, any more than the manager of a department or a managing director. The accounts returned by the minister of railways, for example, as well as the replies to the questions put by the Chambers, show this clearly. The few figures which are furnished, are lump sums returned, for compiling the budgets, in the State accounts.

For such a system would be substituted—and nothing would prevent its being done immediately, for it would be an excellent preparation and start for the federalist organisation, which will replace the present organisation—the system of decentralization, that is, to say, the system of autonomy and responsibility.

This system, moreover, the bourgeoisie, from the moment when its direct interests are at stake, knows perfectly how to apply in its fullest extent. In every manufacturing company the manager is, from the technical and the commercial points of view, clearly inde-

pendent of the board of management. Representing the shareholders, the latter, above everything else, controls the results; it only intervenes in *decision* and *execution* in cases where the interest at stake is considerable, and where it is thought necessary to exercise a preliminary control.

The more important a company is, the more complete is its decentralization. At Seraing, on the Meuse, for example, at the Cockerill establishments, there is a manager of the coal mines, a manager of the blast furnaces and rolling mills, a manager of the steel works, a manager of mechanical construction, a manager of the forwarding department, and although their workshops, furnaces, coal-measures are in the same enclosure, although they are all working with the money and for the money of the same shareholders, each of them is completely independent of the others. The iron, rolled by the manager of the blast furnaces and rolling mills, does not necessarily go into the workshops of the manager of mechanical construction. If the latter can sell dearer, or the second buy cheaper, by applying outside, the manager of the blast furnaces will export from, and his colleague import into, the works. It is the same with the product of the coal mines or the steel works.

A similar system is to be found in the railway companies. In the Northern Company,

for example, the locomotive service acts as purveyor of traction appliances to the traction service, and invoices to it the locomotive hours which it furnishes. The manager of the locomotive department is responsible to the company for the cost of maintenance of the locomotive, and the manager of the traffic department for the cost of traction of the trains.

In State railways nothing of the kind exists, and if there is such a thing it is because, under the present organization of the State, everything sets out from the idea of the strong power, omnipotent and omniscient.

Consequently, to complete the advantages of the autonomy of the public services, so far as the Government is concerned, it would be necessary to give to each of these services a decentralized organization, comprising machinery clearly defined, and, as far as possible, autonomous in everything which concerns their own action. Under these conditions the responsibility of each, instead of being vague and diffuse, would become effective and easy to establish; personal initiative would be encouraged; the organization of State services would acquire the suppleness and the liberty of action which are absolutely necessary to it, and while preserving the advantages of socialization, we should take from the great companies the superiority which they offer from the point of view of the organization of labour.

The State of the Future.

The immediate reforms which can, and which have to be realised, in order to increase the advantages and to reduce the inconveniences of the exploitation of the public services, are evidently only the beginning of, and the starting point for, much more profound transformations in the present organization of the State.

By peaceful or by revolutionary methods, through a series of insensible modifications, or of more or less abrupt eliminations, the authoritative functions of the State will go on decreasing, while its economic functions will assume a continually increasing importance.

The antithesis of the government-state and of the administrative-state is nothing else, to sum up, than the reflex of the opposition, which exists between the military structure and the industrial structure of societies. Now, everything points to the fact that in the last analysis, and in spite of inevitable reactions, temporary and partial, the political conquests of the proletariat, the development of its international organization, the absorption, more or less complete, more or less rapid, of capitalist ownership, must have the effect of eliminating the causes of war between men as between nations, and consequently of gradually reducing the importance of governmental institutions founded on compulsion.

But at the same time there will be an increase

in the importance of administrative institutions, decentralized and autonomous, which will have in view the organisation of social solidarity, and the exploitation in the common interest of a perpetually widening collective domain.

If we project these two tendencies across the future, and if we come to a system founded on voluntary co-operation, in which the governmental state has gone, to adopt Engel's expression, to join the spinning-wheel and the bronze hatchet in the museum of antiquities, giving place to the administrative State, which is nothing less than the totality of the functions and organs, having as its object to secure the greatest production and the most just distribution of wealth.

Such is the common conception of all the great theorists of Socialism from the Anarchist Proudhon to his brethren (and opponents) of the Marxist school, from the Saint-Simonians to the disciples of Fourier. On this point all could adopt the conclusions of Considérant, when he sets forth the phalansterian doctrine in his book entitled *Social Destiny*.

States, when thus transformed, regulating in different hierarchical ranks the movements of commerce and finance, presiding over the external industrial relations of the different centres of population, are nothing else than agencies appointed by more or less numerous associations, and invested with the confidence

of those who have chosen them. There is no longer a power having at its beck an army, a gendarmerie, a police force ; there is no more despotism or usurpation possible, which the nations will always have to fear so long as they are obliged to manufacture swords.

CHAPTER IV.

FORMULAS OF DISTRIBUTION.

"It is only with communism that Society commences. Its essence is communism, and historic evolution is a generalisation of communism."—Rodbertus.

We have just shown that the organisation of labour, under a Socialist régime, would differ infinitely more from the organisation of State monopolies, than the latter would differ from the private capitalist organisation of enterprise. But it is important to insist, still further, on the profound essential change—*pivotal*, a Fourierist would say—which would result from the socialization of the means of labour, as much from the point of view of production as of distribution. What characterises, above all, the capitalist system is, we have already said, the production of merchandise, of exchange values, with a view to realising profits. "In a régime of private ownership," said Rodbertus, "one never works for social and deep-seated need. One works for the market, for demand, which is interpreted by the sums offered. Profound sufferings may exist; if they have not at their disposal some exchange values, nothing will

be done to alleviate them. Social labour is only exerted for the profit of the owners." Suppose, on the contrary, that ownership becomes collective, it is for the profits of collective owners that social labour is going to be exerted. Instead of producing to realise profits, we shall produce to satisfy needs. Instead of manufacturing useless or superfluous things, when thousands of workers complain of hunger, we shall first attend to what is most urgent. We shall busy ourselves feeding, housing, clothing, and teaching before devoting the remainder of our efforts to more refined labours. In brief, by an *apparent* return to primitive forms, production for exchange will give way to the production of use values, but for the *social community* and no longer as formerly for the *domestic community*.

We may, to a certain extent, realize practically the bearing of this change, of this revolution, by comparing—*si parva licet componere magnis*—the organisation of a capitalist joint stock company with that of a Socialist co-operative society like the Vooruit of Ghent, or the Maison du Peuple of Brussels.

The joint stock company works for the national or international market; it produces exchange values, with the sole object of realising for the limited community of its shareholders the greatest possible source of profits.

Generalise this type of association, with its shareholders without work, and its workers without shares; you have the capitalist social organisation.

The co-operative society, on the contrary, whose ideal would be to employ all its members, in the production of all that they consume, works above all for the families associated in it, and when it remains faithful to its principle, seeks much less the realization of profits than the production of a maximum of advantages for the co-operators.

Generalise this type of association, and you will have a very imperfect and moreover a very rudimentary idea of what the Socialist régime will be, or rather of what it could be.

Of course, it would be highly ridiculous to claim to find the miniature likeness of the world of the future in these puny embryos not yet delivered from the capitalist matrix, which marks them with its imprint, and supplies them with the means of existence. But we think, however, that the best means of understanding in a tangible and concrete way, the Socialist mode of production, is to take as a starting point its actual realisations, however incomplete they may be, to eliminate in thought all the capitalist survivals which they contain, and to assume on the model of our great Belgian societies for example—a giant co-operative society, having for members all the citizens of a country, or of a

region more or less vast, possessing, as social property, all the productive machinery, or at least the productive machinery of all the great industries ; and in which all the members, at once producers and consumers, give their labour, intellectual or manual ; elect directly or indirectly their managers, or their heads of departments ; and produce all the utilities, all the exchange values, necessary for the satisfaction of their needs.

What distribution would be in a society of this kind, is, according to our adversaries and our critics, the problem, the difficulties of which appear in the very contradiction contained in the formulas proposed.

However great these difficulties may be—and we fully intend to meet them face to face—it is expedient to notice, however, that there is nothing to prevent the conception of a collectivist society, from the double point of view of ownership and of production, in which we should confine ourselves to the betterment and gradual improvement of the means of remuneration, of distribution, which exist in present day society.

In the same way as the socialist co-operative associations employ wage-workers, but secure for them a minimum wage, a share in the profits, a working-day not exceeding 8 hours—at least at Brussels—a stable and permanent employment, a series of benefits in case of illness, old age, inability to work, so in the great

co-operative society, which would be in short a collectivist society, it would not be at all impossible that we should maintain, to a certain extent, the higher forms of the wage system.

But, let us hasten to add, this partial collectivism, this *capitalist collectivism*, we should say, if these two words did not cry out at being found together, this transaction between Socialism and individualism would not be and could not be a transition towards complete collectivism.

And, consequently, this does not exempt us from studying the formulas of distribution put forward by the different Socialist schools.

Moreover, however numerous these formulas may be, we can reduce them to two fundamental points of view—the need to be satisfied, or the labour furnished ; the right to existence, or the right to the whole product of one's labour.

By setting out from the notion of need—of *use-value*—and relying on the right to existence, the communists say: “from each according to his opportunities, to each according to his needs.” Relying, on the contrary, on the notion of labour—of *exchange value*—the collectivists, in the narrow sense of the word, reply: “to each worker the whole product of his labour.”

At first sight, these two formulas are absolutely contradictory. We believe, how-

ever, that it is possible and necessary to reconcile them, and to use them to complement each other.

The right to the whole product of Labour.

The right to the whole product of labour finds its complete realisation, either in Robinson Crusoe's deserted island, or in a social state where, property being collective, the use of common property remains individual. It is the case, for example, in a rural community, where, if not each worker, at least each economic unit, each household, receives its allotment, produces all that it consumes and consumes all that it produces. But from the moment when, under any form whatever, production becomes social, when associated work is substituted for individual work, there can be no question of giving each worker his product *in kind*, but only the *value of that product*, the equivalent of the labour power expended in the common work, and then arises the problem of ascertaining what is the value, as a principle of distribution, of this master formula—this *leit motiv* of all the Socialist programmes—to each worker the product of his labour.

As Anton Menger has observed,* the right to the whole produce of labour has, in socialist theories, two very distinct functions, one

* A. Menger. *The Right to the whole product of Labour*. (English Translation, 1899).

positive and the other negative. In virtue of the latter, unearned incomes, a necessary consequence of the private appropriation of capital, are seen to be an injustice, which must disappear. In virtue of the former, each worker must draw from the sum-total of production, as much values as he has himself created by his labour.

That this is not the case under the capitalist system, follows indisputably from all the considerations which we have set forth.

"As soon as land becomes private property," says Adam Smith, "the landlord demands a share of almost all the produce which the labourer can either raise or collect from it. His rent makes the first deduction from the produce of the labour employed on land. . . . The produce of almost all other labour is liable to the like deduction of profit."*

In order that it should be otherwise, the workers must be proprietors of their means of labour, and themselves consume their products or receive the exact equivalent of them.

To hope for the *generalisation* of such a state of affairs, on the basis of individual property, would be—this we have shown in our chapters on industrial concentration—the most retrograde of utopias. But, on the other hand, is it possible that the formula of the right of the workers to the whole produce of their

* *Wealth of Nations*, Book I, chap. VIII.

labour can find its realisation in a Socialist state, on the basis of collective property? And supposing it were possible, would this formula of distribution be in harmony with justice? Such are the two weighty questions which obtrude themselves upon our consideration.

In order that each worker should receive the whole produce of his labour, under a régime of socialised production, it would be necessary—and this is one of the principal objections which people think they make to collectivism—to have power to isolate this product and to ascertain the share which it represents in the total produce of associated labour. Now, after the innumerable discussions to which this problem has given rise, we hardly need say that to ascertain this is a task beset by difficulties, which appear insurmountable.

Unless we limit ourselves to empirical estimates or assign the same value to all working-days, whether the work be skilled or unskilled, how are we to appraise the value produced by each of the individual forces of labour, mental or muscular, working or superintending, which unite in the extraction,* the manufacture, and the circulation of a product.

To seek the share of individual labour in a social product is, in the vast majority of cases, to want to find a needle in a haystack.

* The word here used covers processes like agriculture and mining.

Moreover, admitting that we have a common measure for determining the value of all individual labour, it would still not be just to divide amongst direct producers the whole produce of associated labour. That would be to ignore the right of indirect producers, of all those whose intangible co-operation brings an indispensable help to the common work; it would be to deny the right to existence of the weak, of the incapable, of all those who are born to suffer; finally, and especially it would be to attribute to the individuals who compose society the results obtained by society itself.

"Individual labour," said Rodbertus with reason, "is in great part, fruitful only by co-operation. How should that which he has not created be restored to the individual. The collectivity, whose united effort alone renders the results useful, has its right to a part of the social product, a part which will not be divided.

From the moment when social production is substituted for individual production, the formula of the right to the produce of labour can no longer be taken in its individualist sense. It signifies only that the totality of workers should enjoy in full the fruits of social labour, without the possibility of any preliminary deduction being made on the part of one who directs the individual appropriation of the means of production.

But that does not as yet tell us what ought

to be restored to each worker, in the wealth produced by the community of which he forms part; and it is here that our opponents—underlining the antithesis of the right to existence and of the right to the product of labour—think they have found the stumbling-block of collectivist socialism.

Collectivism, they say, has no formula of distribution. Economists like Leroy-Beaulieu agree on this point with communist anarchists like Kropotkin, who against the collectivist formula place the communist principle. "From each according to his capacities, to each according to his needs"

The Right to Existence.

In his book, *The Conquest of Bread*, Kropotkin, developing the formula of the right to existence, or rather of the right to comfort, declares that the sole principle of distribution which can be adopted in a communist society is the principle already adopted by the agrarian communities in Europe.

If the commune possesses a forest, for example, as long as firewood is not wanting, each has the right to take as much as he needs, without any other control than the public opinion of his neighbours.

It is the same with the communal meadows. As long as there is enough for the commune, no one controls what the cows of each household eat, or the number of cows in the

meadows. There is no resort to division or to rationing, except when the meadows are insufficient.

And if you go into the countries of Eastern Europe, where large forests are found *ad libitum*, and where there is no want of land, you see peasants cutting trees in the forest according to their needs, cultivating as much soil as is necessary for them without thought of partitioning the forest, or parcelling out the land. Nevertheless, the forest will be partitioned and the land divided, according to the needs of each household, as soon as both become scarce, as is already the case in Russia.

In a word, they take from the heap of what is possessed in abundance; "by allowance," from what ought to be measured and shared. Of the 350 millions of men who inhabit Europe, 250 millions still follow those practices, which strike their roots deepest in human nature!

Let us remark, however, that these primitive methods of distribution correspond oftenest to natural riches, the production of which demands no labour. From the moment, on the contrary, when the element labour enters on the scene, when the necessity of productive effort makes itself felt, the application of the communist principle is generally beset with formidable opposition. Besides, we are justified in asking what intensity the altruistic

sentiments of the workers should have in order that their productive energy should not be weakened by the absence of every direct and personal interest in the increase of production.

It is for this reason that, while recognising with Kropotkin the communist tendencies which are manifest at present in modern societies—tendencies which would have much more considerable scope under a Socialist régime—it appears to us impossible to admit that, in the distribution of the social product we should merely take into consideration the needs of each individual, to the exclusion of his labour, as it has been impossible for us to admit that we should take into consideration his labour to the exclusion of his needs.

At bottom, the two formulas—to each according to his work, and to each according to his needs—represent the starting point and the goal of a development, which evolves from the present system the most imperfect forms of collectivism to end finally in the freest and most complete forms of communism.

Moreover, we are on this point in agreement with certain, and not the least, among the communist anarchists themselves. “When the nations,” said E. Carpenter, “have learnt the lesson of commercialism and of competition as profoundly as those of to-day have learnt that of each for himself, they must have

time to forget it. The sentiment of common life, stifled and crushed so long, will grow and expand anew but slowly. We must, then, confess that, in order to allow new ideas and new habits of life time to develop, it will be necessary to pass through the intermediate stage of collectivism. Such formulas as 'the nationalisation of the land and all the instruments of production,' although vague, and, in truth, impossible to apply rigorously, will serve as nuclei from which this sentiment will be developed. Their partial application will accustom man to the effort of common labour, and to the idea of common work ! "

Thus, the apparent contradiction of principles put forward by the different socialist schools tends to disappear as soon as it is admitted that they correspond to different schools of social evolution.

The ideal of us all, our ultimate aim, is communism, and at present, in a perpetually increasing number of public services, we find partial applications of it—the feeding of children (*cantines scolaires*) in schools managed by Socialist municipalities, the guarantee of existence allowed—at least in certain countries—to invalids, old men, and to those incapacitated from work.

Perhaps the time will come when the progress of morality and of general solidarity, the abundance of production, the inconveniences and the difficulties of every other

mode of distribution of wealth, will have the effect of generalising the application of the communist principle. But in the actual state of affairs we must perforce reckon with egotism, with narrowly personal interest, to the extent necessary to secure the maximum of productivity for social labour.

Summary and Conclusions.

To sum up, then, it is impossible to formulate a principle of distribution, which may be universally applicable to all the stages of social evolution.

The superiority, always relative and transitory, of such and such a formula depends, in the last analysis, on the faculty which it possesses of securing better than any other—*at a given moment*—the greatest expansion of productive forces, the greatest scope for production as a whole.

Let us remark, however, that in a Socialist state, these questions of "division" would not have the essential importance which they possess to-day, and which, for this reason, the bourgeois economists continue to attribute to them, when they transport themselves hypothetically to a different Social state.

At present, in fact, the entire surplus value is divided amongst the holders of private capital. It is subsequently to the process of distribution that a part of this surplus value—that which is not consumed unproductively

—serves to develop the means of production, to remunerate the indirect producers, or even to defray public expenses. Under a Socialist régime, on the contrary, there could be no question of sharing, but for a fraction, relatively very small, of the surplus value produced by social labour. Before every distribution of this surplus value between individuals, the community would first deduct the resources necessary for the further development of production, and for the support of the public services gratuitously placed at the disposal of all the citizens.

Now, in a social state where the influence of communist principles would go on perpetually increasing, these preliminary deductions, carried out by the agreement of all, would more and more limit the field of individual distribution.

Let us imagine, for example, a society which would itself by acts of the collective will regulate the development of its means of production, which would allow to all workers, as well as to those incapacitated from work, an *equal* right to the satisfaction of their essential needs, which would organise in free services the instruction and maintenance of children, housing, lighting and heating, the distribution of drinking water, the conveyance of letters, of travellers, of products—in a word all the functions of social life, which satisfy general needs, obviously the same for

all individuals. Is it not evident that in a society of this kind, completely impregnated with communism, the problem of individual distribution—according to the quantity or quality of work furnished for example—would no longer have anything but a relatively secondary importance?

This is already, to a certain extent—and we return to it once more to make our thought more concrete—the method of distribution in force among the Socialist Co-operative Societies.

In the Brussels Maison du Peuple especially, before proceeding to a distribution of the profits, the rules guarantee to the workers on the staff a standard wage; to the groups of the Parti Ouvrier housing, fire and light; to the sick members daily bread, assistance in the form of medical attendance and medicine; to the art, instruction, education and propaganda sections, subsidies proportional to the resources which the society of co-operators has at its command, and it is only after having made these preliminary charges, having determined the sums to be appropriated to reserve, to sinking fund, and to the development of the social machinery that the remainder is distributed amongst the members.

Likewise, in a Socialist state, it is after having satisfied all needs which are of general concern, after having secured for all members of the community the right to existence, that

the excess of products, or rather of values produced, should form the object of differential distribution.

In the proportion in which it would be socially useful from the point of view of production to allow special advantages to certain workers, or to certain categories of workers, in order to stimulate their energy and their power of labour, nothing would prevent a collectivist society from maintaining—*mutatis mutandis*—the graduated scale of salaries which exists to-day in the public services.

Collectivism does not, then, necessarily imply equality of remuneration.

And this permits us to reply to that commonplace objection that, in a collectivist society, all would wish to work at the most agreeable and easy occupations. It would be necessary then, it is said, to make use of compulsion in order to obtain a just distribution of the forces of labour ; scavenging would be compulsory as military service is now.

Let us remark, in the first place, that on the day when it would be so, we should very speedily have brought into existence the inventions necessary to reduce "repulsive tasks" to a very small affair. But in order to meet the objection in all its force, with the general bearing assigned to it, is it not evident that from this point of view the collectivist régime would have at its disposal the same means of action as the capitalist régime ?

What happens to-day, when there are too many workers in one branch of industry? Wages fall. They rise on the contrary, when there are too few. The same sanction would exist under a collectivist régime; the necessary preliminary deductions being made, and the minimum wage paid, the share of each in the surplus to be divided for each branch of production, would be smaller in proportion as the participants were more numerous. Consequently, the overcrowded trades would be relatively ill-paid; the deserted trades, the disagreeable and dangerous occupations would receive a larger remuneration. There would be only one difference—all in favour of collectivism—that to-day, by reason of the defects in technical instruction, the passage from one branch to another generally presents extreme difficulties, which in a Socialist state could in a large measure be avoided.

Must we try to proceed further in the examination of problems raised by the organisation of labour on a collectivist plan; to investigate, for example, how and to what extent the groups of workers would share in the conduct of enterprises and in the appointment of the managing staff? To do this would be to ignore the fact that such solutions ought necessarily to vary with times, places, industries, the degree of intellectual and moral development of the producers.

Just as it is important to be precise and practical, when it is a question what measures to take from one day to the next, so it would be in our opinion, rash and chimerical to try to draw in advance the detailed plan of an organisation of which only the main lines appear on the social horizon.

Moreover, we refer those whose minds are delighted with that sort of theorising, to the manifold "sketches of the history of the future," which have seen the light during the last ten years or thereabouts. They will only have the embarrassment of choice between the scientific precision of Schaeffle,* the somewhat prosy ingenuity of Bellamy,† the delightfully poetic imagination of William Morris,‡ and when they have completed the cycle of contemporary utopias, the very diversity of these ideal conceptions will show them their essentially subjective character.

Moreover, far be from us the intention to ignore the real utility of these literary productions; in delightful fashion they make abstract systems concrete; they answer the thousand objections as to detail which rush to the lips of those who hate innovations; they accustom our thoughts to move freely outside the historic categories of the bourgeois world, but when they have helped us to give

* Schaeffle, *Quintessence of Socialism*.

† Bellamy, *Looking Backward*.

‡ Morris, *News from Nowhere*.

definite shape to our dreams, it is important that we should renew contact with reality, estimate the obstacles which separate us from the promised land, and inquire by what means the nations which are on the march towards a better future will be able to reach it.

CHAPTER V.

THE MEANS OF REALISATION.

*"If I cannot bend the powers above, I will rouse
hell."—Virgil.*

IN all the branches of production and exchange, where capitalist concentration has done its work, destroying personal property or reducing it to subjection, the expropriation of the expropriators obtrudes itself as the only really effective means of re-establishing the union of ownership and labour on an extended foundation.

But if all Socialists are in agreement on this point, the same agreement is far from existing as to the processes to be set in motion in order to attain this result.

We may group into three categories the plans of socialization proposed by the different schools, according as they seek the expropriation of the means of labour without indemnity, with complete indemnity, or with indemnity for life.

Expropriation with Indemnity.

Those who extol the pure and simple confiscation of capitalist property may appeal

to historic precedents, the most striking of which assuredly is the suppression without indemnity of feudal rights in 1789.

In his book on *Socialism and the French Revolution*, André Lichtenberger has clearly shown that the arguments which tend to justify expropriation by the bourgeois apply, by identity of motives, to the expropriation of the bourgeois, and that consequently, whoever is enthusiastic about the annihilation of privileges in 1789 has perhaps rather poor grounds for protesting about the sacred character of the privileges of 1900.

"Much less threatened, doubtless, than feudal privileges in 1789," said Lichtenberger, "capital has this in common with them at the present hour, that it represents legitimate property only in the eyes of a certain fraction of the nation, and that it could be as the feudal rights have been, seriously questioned on the day when this hostile portion of the nation, attaining to power, shall be able to give a definition of property, in which capital shall not be included. On the whole we need not say that theoretically such a measure would be much more hostile to property than was that of 1789. From the moment when prescription ceases to cover property, we can easily enough imagine a policy with regard to capital, quite analogous to that which was followed in the matter of feudal rights. A distinction was

made amongst feudal rights, between those which proceeded from mortmain and ought to be suppressed, and those which were derived from property and ought to be redeemable. Likewise a distinction is made in capital between what is due to the accumulation of the product of labour, and what on the contrary is due to the labour of money alone: this latter being considered illegitimate and suppressed, the former alone being preserved or replaced by consumable commodities. And why, in the same way as every kind of feudal privilege has finally been abolished without indemnity, by reason of the hostility of the aristocrats to the new régime and of the necessities of the public safety, why likewise should not every kind of capital, if consumable commodities are not paid in return for it, have the same fate for reasons absolutely analogous?"

No one could say, in fact, whether the resistance of the possessing class will not have one day the same consequences as at the end of last century: whether the plans, long contemplated, of pacific and gradual expropriation, will not meet with the same fate as the similar plans elaborated on the eve of the French Revolution by men like Turgot and Condorcet.

Only in order that the confiscation of capitalist property, expropriation with indemnity may be conceivable—dismissing the question

of ascertaining whether it would be legitimate, we must of necessity assume a *simultaneous* suppression of all titles to income, based on land and capital.

As Kropotkin with reason declares, there are relations established in our societies, which it is materially impossible to modify by altering them merely in part. "Suppose, as a matter of fact," said he, "that in any district a limited expropriation is made: that it is confined, for example, to the expropriation of the great landlords, without touching the factories, as Henry George demanded; that in such and such a town the houses were expropriated without touching the great landed properties. The result will be always the same—a tremendous upheaval of the economic life, without the means of re-organising this economic life on new foundations, a check to industry and exchange without the return to principles of justice, an impossibility for society to reconstitute a harmonious whole."*

The reasoning which we find in Deslinières (*Sketch of the Collectivist Régime*) appears indisputable; expropriation without indemnity must be complete, or it will not take place at all.

But on the other hand, manifestly in order that this expropriation may not fall foul of insurmountable obstacles, capitalist concentration must have reached its limit, personal

* *The Conquest of Bread.* French edition, p. 58.

property no longer exist but in memory, the vast majority of citizens composed of proletarians, "who would have nothing to lose but their chains."

And even on this supposition, the realization of which seems, to say the least of it, in the distance, there is no doubt that of all forms of social liquidation, expropriation without indemnity—with the opposition, the troubles, the bloody disturbances, which it would not fail to produce—would be in the end the most *costly*.

"We do not all consider," wrote Engels in 1894, "the indemnification of the owners as an impossibility, whatever be the circumstances. How many times has not Karl Marx expressed to me the opinion that if we could buy up the whole gang, it would even be the means of getting rid of them most cheaply."

Let us consider, then, whether this purchase would be possible by granting the capitalists what the Belgian constitution calls a "just preliminary indemnity."

Expropriation with Indemnity.

This is the process which present day governments put in motion, when, for example, they buy up railway rights.

The State borrows the sums necessary to effect the purchase, and the expropriated capitalists receive, at the very least, the equivalent of what they surrender. Very often, in actual

experience, the indemnity which is paid them is much in excess of the value of the property which enters into the public domain; but supposing that it is not so, that the purchase is effected under normal conditions, who does not see that such expropriation in no way solves the problem of eliminating unearned incomes.

True, the dividends of shareholders are suppressed, but in exchange government bonds are given them. The collective domain is extended, but the public debt is proportionately increased. This is what urges Finet to say in an interesting pamphlet: "Those who borrow in order to create a national patrimony act contrary to the interest of the community, and for the advantage of the capitalists, as long as the latter are in receipt of their dividends. They buy from them goods at prices higher than they have cost them, and have investments made for the State, which very generally do not bring it in the wherewithal to cover the cost of borrowing.*

There is, doubtless, some exaggeration in these criticisms. In spite of the exorbitant price of certain purchases, the unification of the Belgian railways—independently of the advantages which it offers to the public and the employees—has not been financially speak-

* Finet. *Le régime financier de la Belgique: Nécessité d' un budget du domaine collectif*. p. 19 (Brussels 1874.)

ing an unprofitable transaction. But it remains none the less true that the recovery of the means of production, from the moment when it has as its counterpart the increase of public debt, in no way puts an end to a class of people living upon their money, having the privilege of living without labour, thanks to the exploitation of the labour of others. And under these conditions we can conceive of the suppression of this parasitic class only by bankruptcy or by a sinking fund. There are two alternatives: either the State would repudiate or would find itself unable to meet its engagements—which brings us back by indirect paths to the hypothesis of expropriation without indemnity—or else it would proceed to the gradual extinction of the public debt.

Only, in order to pay off, resources are needed, and these resources must of necessity be demanded either from labour or from accumulated wealth. And this leads us to inquire by what means the collectivity would indemnify the living capitalists, while expropriating *without indemnity* the dead capitalists.

*Expropriation in consideration of Indemnity
for life.*

Amongst the methods of expropriation connected with this formula, there are some which assume—by the same right as does expropriation without indemnity—the transi-

tion, abrupt and complete, from the capitalist régime to the collectivist régime; others on the contrary which are reconciled to a gradual and even limited transformation.

1. In the *Quintessence of Socialism*, Schaeffle characterises the systems of the first group as follows: "The bourgeois may have a right to what he has acquired under the actual régime of production, and we shall buy from him his private capital, as he bought the feudal right. But he has no right to claim *for all the future* the prevention of a better mode of production. A new form of production may, at each moment, be proclaimed by the people as a new state of justice. Thenceforth, the capitalist will no longer be able to ply alone his large-scale production. He will learn to think himself fortunate, if he and his children are paid for his private capital in *annuities enabling them to have access to the means of enjoyment*, which will last until everyone has adapted himself to the new conditions. Our capitalist will bow down before the new right proclaimed by the majority of the people, as the nobility had to bow down before the right proclaimed by the bourgeoisie and had to content itself with the buying out of its feudal services."*

If recourse were had to such a process of expropriation, one family, which possessed, for

* *Quintessence of Socialism*, pp. 31-2.

example, means of production to the value of one hundred million francs, would have to consider itself sufficiently indemnified, if in the course of thirty, forty, or fifty years, there was handed over to it in annuities, the estimated value of one hundred million francs in the shape of means of consumption of luxury or of comfort.

But, once more, that assumes the simultaneous suppression of all forms of private capital. It would be inadmissible in fact that certain proprietors should receive more than a temporary annuity whilst others should continue to draw a perpetual income. And, consequently, the formula of indemnity for life becomes inapplicable from the moment we have to deal with a gradual transition—following the line of least resistance—from capitalist appropriation to collective appropriation. This process of socialization can only be normally accomplished by applying the same rules to everybody, without creating different principles for different classes of capitalists.

The new social organisation, the essence of which is its being founded on justice, must be accomplished without causing a single injustice.

This is the point we may reach by adopting the system which, to follow Bazard's expression, "consists in transferring to the State, which will have become an *association of*

workers, the right of inheritance, which to-day is limited to the domestic family.”*

Among the innumerable systems the object of which is to restrain the right of inheritance, legal or testamentary, it will be sufficient to quote by way of example the means proposed by Collins in his *Théorie Générale de l' Organization de la Propriété*.†

Inheritance without testament.

The only inheritance, without testament, which would be necessary as a stimulus to labour, is DIRECT inheritance. Every other is useless for this same stimulus, so long as the power to make a will exists.

Therefore, all collateral inheritance must be annulled by law, and every intestate inheritance without direct heir must become the property of the community.

Inheritance by testament.

Inheritance by testament is necessary for stimulus to labour, THE PRIMARY SOCIAL MOTIVE.

In truth, this inheritance tends continually to decrease the wealth of the community, to increase individual wealth, and consequently to make for the pauperization of the masses.

“But society, which alone protects the organisation of property, and the organisation

* *Doctrine of Saint-Simon*. Exposition 1828-9. Septième seance p. 187 (Paris, 1830).

† *La Science Sociale*, t. v. pp. 320 etc.

of the family, can impose as heavy a tax as possible on this kind of inheritance, provided that it does not impair the stimulus to labour.

"We shall only carry this tax to twenty-five per cent.

"It is evident that he who inherits, by testament, a sum of 100,000 francs will not think that he is suffering an injustice in receiving only 75,000 francs, when he knows that he himself has his share in all possible inheritances made by testament.

"Therefore, a tax of 25 per cent. on all inheritances by testament must be legally established."

It goes without saying that the amount of this tax, the possibility of its immediate application, and in a word, the radicalism of the reform in the laws of inheritance, would depend to a large extent on the parallel progress of legislation in neighbouring countries, and on a host of other circumstances too long to enumerate here. But, however that may be, we can not dispute that the limitation, more or less narrow, of the right of inheritance, seems one of the most effective means of procuring for the State—or more exactly, for the community—the resources necessary to bring about the gradual socialization of the means of production.

It remains for us to ascertain how these resources could be most usefully employed to that effect.

We find ourselves here confronted with three principal systems to which, in the last analysis all the others may be reduced.

1. Establishment of societies for production backed by the State.
2. Entrance of the State into enterprises existing or in process of being established.
3. Complete socialization of certain industries by the payment of a buying-out indemnity.

Societies for Production.

This is the system which Menger calls "societary Socialism," and with which Louis Blanc and Ferdinand Lassalle have connected their names.

When Lassalle asked of the State 100 million thalers to finance working-men's associations for production through all Germany, he did but in short revive the plans for reform elaborated by Louis Blanc during the revolution of 1848.

In his book on the *Organisation of Labour*, and in the 4th volume of the *Questions of to-day and to-morrow*, Louis Blanc, reviving an idea of the Fourieristes, proposes to organise a "Ministry of Progress," the principal rôle of which should be to bring about by gradual reforms the disappearance of the proletariat. This Ministry should have under its control the railways and mines, the bank of issue, the insurance institutions, and should

establish bazaars for retail, and warehouses for wholesale trading, allowing the latter the right to hand over, in return for goods deposited, a kind of currency-merchandise. The profit which the State would draw from all these institutions would serve at first to pay the capital and the interest of the sums necessary for these transactions; the surplus would supply the "Workmen's budgets."*

This budget would serve to establish working men's associations for farming and manufacturing, by guaranteeing them the credit of the State for the purchase of the means of production.

"This establishment," said Louis Blanc, "requiring a considerable outlay of funds, the number of the original workshops would be rigorously limited; but by virtue of their very organisation, they would be gifted with an immense force of expansion.

"The government being considered the sole founder of the *social workshops*, it would be the government which would draw up the regulations. This draft, deliberated and voted upon by the national representation, would have the shape and force of law. All the workers who offered guarantees of character would be summoned to work in the social factories to an extent limited by the

* Menger—*Le droit au produit intégral du travail*, pp. 161 and ff. Fr. transl. (Paris 1900).

capital first accumulated for the purchase of the instruments of labour.

“As the false and anti-social education given to the present generation does not permit of seeking elsewhere than in an increase of recompense any motive of emulation and encouragement, the difference in wages would be graduated according to the scale of functions, and an entirely new education would have to change our ideas and habits in this respect. It goes without saying that wages would in every case have to be amply sufficient for the needs of the labourer.”*

In the mind of their advocate these *social workshops* were to offer, from the point of view of productivity of labour, such a superiority to the capitalist workshops that these latter would inevitably be condemned to disappear or to be transformed into social workshops. Instead of being, as every big capitalist is to-day, the master and the tyrant of the market, the government would be its regulator. It would employ the arm of competition not for the violent overthrow of private industry—a thing which above all it would be interested to avoid—but imperceptibly to bring it to terms. Soon in fact, in every sphere of industry, where a social factory would have been established, we should see a rush to that workshop on account

* Louis Blanc—*Organisation du Travail*, pp. 117, ff. Brussels, 1852.

of the advantages which it would offer to members, both workers and capitalists.

At the end of a certain time, we should see come to pass without usurpation, without injustice, without irreparable disasters, and for the benefit of the principle of association, the phenomenon which to-day is brought about so deplorably, and by dint of tyranny, for the benefit of individual selfishness. A very rich manufacturer to-day may, by striking a heavy blow at his rivals, leave them dead on the spot and monopolise a whole branch of industry.

In our system, the State would, little by little, make itself master of industry, and instead of monopoly, we should, as the result of success, have obtained the downfall of competition—association.

There would be many things to find fault with in this plan for the organisation of labour, which substitutes in a word, corporate monopoly for capitalist privilege, and which ends by suppressing monopoly in the different branches of industry only to accentuate it in the mutual relations of each of the branches of industry.

But, independently of these considerations of principle, it would be a strange illusion to think, that, in the present state of development of capitalism, co-operative societies for production, even when financially aided by the State, would be in a condition to compete

successfully, to subdue at will, great enterprises which fill and dominate the market. Hardly anywhere, except in the branches of production where capitalist development is still weak—most farming industries, for example—would the system of productive associations, in our opinion, serve as a transition towards a state of complete socialization.

The System of Penetration.

Instead of creating new enterprises, the competition of which would bring about the disappearance of capitalist enterprises, modern Socialism rather has in view the socialization of existing enterprises, whether by expropriating them, or by introducing into them the participation of the State. With this latter system is connected the plan of free socialization, communicated to the Belgian Senate, by E. Solvay, 27th December, 1899.

Absorbed in supplying resources to the State without taking them from labour, and at the same time with extending socialization as much as possible without injury to liberty or individual initiative, Solvay recommends a series of measures which he sums up as follows :—

“It would be necessary at first to proceed to the revision of laws regulating commercial companies, in order to prevent in future the too-easy floating of any sort of concern to the

almost exclusive profit of the promoters and to the injury of the shareholders. We could, for example, impose on the founders of a concern the obligation to remain interested in it from a period of from 5 to 10 years. The shares should not be paid except in profits exceeding a certain rate of interest. The measures to be taken in this respect are evidently to be closely scrutinized, but in any case the revision of the legislation now in force obtrudes itself, even to the exclusion of the more general purpose which I am pointing out.

“The number of unsound industrial and commercial concerns would thus be considerably reduced, and as, on the other hand, the prosperity of such countries as Belgium, Germany, England, examined in periods, goes on increasing, whoever was financially strong enough to interest himself at the same time, even with eyes shut, in all concerns which are being established, would be sure to make money by virtue of the ‘law of averages,’ the application of which is successfully made by all kinds of insurance companies.

“The State, in my idea, would become by virtue of a law, this general participant in all concerns established in the country. It would be supposed to say to the public: Bring me as much money as you wish at a rate more or less equivalent to that of State loans. I accept it in order to invest it, like an almost

passive shareholder, interposing in all concerns which are being founded or extended. This investment would be effected, of course, in accordance with fixed rules to be determined.

“Under these conditions the State could have in this matter only an insignificant share in the management, and extremely reduced expenses of administration, and would profit to the extent of almost all the difference between the interest going to those who lent money, and the average dividend drawn by it on the total number of concerns in which it would be interested.

“The more money was brought to it, the greater the number of enterprises in which it would take part. Private initiative, which establishes concerns, would remain intact, would not even be touched, and yet the State, however little circumstances lent themselves to it, would extend socialization more and more. And we may go so far as to conceive a theoretic Social state as a result of the final socialization of all concerns through the continued application of this principle of liberty.

“Private initiative would not have ceased for a single moment to be fully respected, and, moreover, would no longer be put in motion at this last stage except with the sole object of obtaining for the active a higher remuneration for their labour, a manufacturer's or merchant's salary instead of a mere official's salary.

"It seems to me that herein there may be a valuable principle. It presents itself to my mind as a solution which I have long been seeking to the problem of the advance and the limitation of the progress of social democracy, as well as to the problem of the socialization of concerns; progress, limitation, and socialization, which would be, in fact and tacitly, notified to the State by the nation itself without any departure from the system of complete liberty."

To sum up then, the State would borrow at the usual rate for its loans, all the money which people would be willing to entrust to it, and would invest this money, conforming to certain rules of management, in *all* concerns of a substantial character.

What appears to us new, and really original in the plan put forward by Solvay, is not the mere idea of the "socialization of concerns" by introducing the participation of the State into undertakings managed by private individuals. We may, in fact, quote a number of examples of this participation from the Prussian State, formerly a shareholder in the Bank of Prussia; from the Belgian State, shareholder jointly with a large number of individuals in the local railway companies. But in our opinion the real originality of the system consists in its generalization, in the importance which it attaches to this indisputable fact, that if individual capitalists run

risks of loss, the totality of capitalist production necessarily realises profits, and profits which go on increasing perpetually.

Therefore, if there existed a real or a nominal individual, financially strong enough to interest himself in all concerns which are being inaugurated, he would by the "law of averages" be mathematically certain to make money.

Now the State may play this part by making itself everybody's banker, the agent between all those who have money to invest and all those who have a substantial concern to establish. And under these conditions it would benefit to the extent of almost all the difference between the interest, which goes to those who advance the money, and the average dividend drawn by it in the whole number of enterprises in which it would be interested.

Let us observe, however, that this difference would be nothing, or nearly nothing, when the State entered into old concerns, into companies which had been established for some time, and, so to speak, had reached the stationary stage; for it would have to buy the shares, not at their nominal value, but at their value on 'Change, and this value would have no great chance of increase in the future. Consequently, the participation of the State in the affairs of an old-established private company could have no other justification than to prepare or facilitate the complete

expropriation of the latter—an expropriation which would be considered beneficial on other grounds.*

But, on the other hand, when new enter-

* Some years ago the Swiss Government had recourse to this process, under the following conditions:—"Up till the end of 1898, there could be no more question of buying back (the Swiss railways) by way of denouncing the 'rights' allowed them. The Federal Council then tried another means, which has been called the 'system of penetration,' because it consisted of the 'penetration' of the confederation into the companies by purchasing, according to terms mutually agreed upon, from their owners large blocks of stock, which permitted it at first to exercise a preponderating influence in the general meetings of these companies, and, perhaps, later to induce them to consent to repurchase by private treaty." (*Repurchase of Swiss Railways*. Circular of Musée Sociale, No. 18, 25th May, 1898.)

It was with this object that the Federal Council acquired on June 27, 1890, 30,000 shares of the Jura, Berne and Lucerne Co.; and in the same and the following years 47,090 shares in the Jura-Simplon Co., which had just united with the former. At the end of 1891 the confederation thus found itself in possession of 77,090 shares of the company, which had issued altogether 104,000 preference and 245,000 ordinary shares.

At the beginning of 1891 a syndicate of banking houses offered to the confederation 50,000 out of 100,000 shares of the Central Company. But the management of the Central declared itself disposed to cede the entire system. The Federal Chambers decided on this course, but the proposition was rejected by the referendum, partly because it was found that the confederation was paying for the shares of the Central above their real value. The vote of 1891 put an end to their "penetration" policy, as well as to any attempt at friendly repurchase.

prises are in question, the "system of penetration" recommended by Solvay appears a very seductive method of interesting the State in all concerns, and of preparing for the transition between the capitalist régime and a régime of complete socialization.

Only, we cannot agree with Solvay's contention that the State by intervening in all concerns, which are being established or extended, could be, and should only be, a nearly passive shareholder, having no other function than sharing in the profits.

Indeed, by reason of this sharing, the community would have a moral responsibility to those employed in these enterprises. As shareholder and receiver of profits, it would have the *power* and the *duty* to take care that the hours of labour, the rate of wages, the organisation of workmen's insurance, should answer to the imperious demands of the public conscience, and in proportion as participation by the State became extended, its influence and its obligations would increase at the same time.

So that, finally, M. Solvay's system of "free socialization" would come to the same results as the complete socialization of the great industries which is inscribed on Socialist programmes.

The Complete Socialization of Industries.

Admitting the hypothesis of a collectivist

policy, which aims at the gradual resumption of the principal industries by municipalities or by the State, when these had been democratized, decentralized, and differentiated from the authoritative organs of power, obviously it would be necessary to attack, first of all—following the line of least resistance—the natural monopolies, and the artificial monopolies created by capitalist concentration.

In fact, when monopolised industries are in question, all the arguments which the opponents of Socialism put forward in favour of individual initiative, and of the advantages which may result from competition, collapse by the very fact that competition no longer exists and that, under the joint-stock system, there is no reason why the personal initiative of *private* functionaries should be greater than that of *public* functionaries, admitting, of course, that the latter are allowed the same material advantages and the same liberty of action as the former.

But, let us hasten to say, it would be to limit too narrowly the field of action of collectivism, to confine it to industries which are old, concentrated, automatised, reduced to that routine and that uniformity of methods which make profitable their exploitation by the public powers even in the condition in which they are organised to-day. In proportion to the growing perfection of their organ-

ization, the objections which may legitimately be made to the resumption of other industries will gradually lose their force.

That, in the present state of affairs, both individual exploitation and collectivist exploitation, from the point of view of production, present difficulties and advantages, appears all the more clearly as we contrast the most divergent forms of these two methods of exploitation; the industry of the craftsman and State monopoly. But while the advantages which properly belong to individual enterprise—and which continue in the industries that minister to art and luxury, decrease with the progress of capitalist concentration, and the extension of the joint-stock system, the advantages of collective exploitation increase with the progress of political and social organisation.

On the other hand we have to deal with the policeman State suddenly transformed into an industrial or commercial one, retaining all the brutality, all the grossness of its origin, treating its employees almost as badly as the worst slave-drivers of capitalism, and bringing to the exploitation of the collective domain not anxiety for social good, but anxiety for revenue.

From the moment, however, when the intervention of the proletariat in public affairs becomes effective, when politics and economy begin to be differentiated, when the industrial

State wins its independence of the government State, collective exploitation, decentralised and freed from bureaucracy, appropriates little by little the advantages of exploitation by industrial companies, while preserving and developing all the advantages of socialization.

And finally, in a Socialist community the scope of social productivity would be all the greater, in proportion as co-ordination of forces would be more perfect, and as all being at once producers and consumers, would have the same interest in increasing the sum of the profits.

Summary and Conclusions.

The different processes of socialization which we have just passed in review—expropriation of the great industries, State-participation in new enterprises, co-operative grouping with or without the intervention of the public powers, are evidently not mutually exclusive. It is in the highest degree probable, on the other hand, that socialised production, which appears to us the inevitable outcome of industrial evolution, will not be realised uniformly and by the application of an exclusive system, but rather by the combination of all measures, all efforts, all initiatives, which converge to the same final goal: suppression of unearned incomes: collective appropriation of the means of labour.

As Sidney Webb observes in one of those

interesting tracts issued by the Fabian Society, "No reasonable Socialist thinks it possible for the State immediately to take over the grocers' shops. The 'democratisation' of retail trade, and of some other branches of industry can, it has been triumphantly proved, be effected by the store and the 'wholesale,' where neither the national government nor the local authority could yet venture to step in."*

On the other hand the most optimistic in the ranks of co-operators are obliged to recognise that the practical sphere of co-operation, however large we may conceive it to be, is very far from embracing all branches of production and of exchange.

Even in England, that promised land of co-operation, Municipal Socialism develops much more rapidly than co-operative organisation. The capital, employed by public authorities in the gas industry alone, is higher in amount than all the joint property of the 1,767 co-operative societies of the United Kingdom. †

To hope for the conquest of the great means of production by the private association of workers is to delude one's self and to delude

* *English Progress towards Social Democracy*. Fabian Tract 15, p. 10.

† In 1899 the capital employed by English municipalities in the gas industry reached £28,600,000 : the capital belonging to the Co-operative societies, Wholesales included, £25,800,000. For additional information, see Harrison, *Municipal Trading*. (*Economic Journal*, June, 1900, p. 251).

the proletariat with false hopes. Co-operation may pave the way for Socialism: it could not bring it to pass.

Only the expropriation of the capitalist class by acts of the collective will can secure the complete emancipation of producers.

As for ascertaining how this expropriation will come to pass, gradually or abruptly, by peaceful or by revolutionary methods, with indemnity or without indemnity—these are the questions which depend much less (alas!) on our individual preferences than on social circumstances.

Assuredly every kind-hearted man ought to desire—be it against all hope—that the liberation of the workers should not cost humanity as much blood and tears as the civil wars and international hecatombs, which have marked the advent of the Third Estate.

But when we see the blind, obstinate, fierce opposition, which the privileged classes invariably offer to the exceedingly modest demands of the popular classes, it is impossible not to think of these words of Schiller's *Wallenstein*. "Large is the intellect, narrow is the world: thoughts have no difficulty in subsisting side by side with each other, but things clash roughly together in space; wherever one thing takes its place, another has to give way. In order not to be driven, one must oneself be a driver: struggle reigns and it is force which triumphs."

This force then, which rules the world, must be overcome by the proletariat. The workers, raising the banner of the International, must rouse in those who are still asleep, the consciousness of their class interests; overthrow by incessant propaganda the old-time disciplines, which impose passive obedience upon armies; and apply themselves with unchangeable patience to the conquest of public rights and powers. They must by constant self-restraint, raise their intellectual and moral power to the height of their hopes, and by developing the free and spontaneous organisation of the working class, prepare generations which may be ripe for the republican organisation of social labour. In a word, Socialist thought must effect an entrance into all institutions, filter into all brains, break up all opposition.

At present, moreover, this conquest is being consummated, and by the actual confession of its most candid opponents, Socialism may appropriate the words which Tertullian, two centuries after the death of Christ, addressed to the powers of expiring paganism. "We are only of yesterday, and already we fill all your country, your cities, your strongholds, your towns, your assemblies, even your armies, the tribes, the decuries, the Palatine, the Senate, the forum: we leave you only your temples!"

And even these temples are beginning to be deserted.

CHAPTER VI.

OBJECTIONS.

The restraints on liberty, imposed by communism, would be liberty itself, compared with the actual condition of the majority of beings belonging to the human race.

—J. S. Mill.

“All men are born free and unequal. The aim of Socialism is to maintain this natural inequality, and to take the best possible advantage of it.*” Thus Grant Allen begins a charming and suggestive study, in which he shows that by establishing *equality at the starting-point*, by suppressing hereditary privileges, which secure industrial and social supremacy to so much mediocrity and incompetence, socialism, far from lowering men to the same level, would on the contrary establish the supremacy of the highest intellectual and moral worth.

Moreover, by giving to all the possibility of complete development, by rescuing from ignorance and distress thousands of noble intelligences, which only need a little comfort and light to blossom forth; by developing, through a systematic organisation, the general

* *L'inégalité naturelle, Humanité Nouvelle*, Jan., 1898.

and technical capacity of all the workers, it would raise to the highest point human *Knowledge*, the *Power* of man over nature, and consequently *Liberty* in the highest and largest acceptation of the term.

Such being, at once, the necessary end and result of the emancipation of the proletariat, one asks himself by what prodigious misunderstanding it can come to pass that men whose good faith seems unquestionable, can come to see in collectivism a doctrine of out and out levelling and a formidable menace to the rights of the individual.

In his *Education Sentimentale*, for example, Flaubert depicts for us one of his most repulsive characters, the tutor Senecal, as a kind of living synthesis of collectivist systems. "He knew Mably, Morelly, Fourier, Saint-Simon, Cabet, Louis Blanc, the heavy cart-load of Socialist writers, the class who claim for humanity the level of the barracks, who would wish to amuse it in a brothel or bend it over a counter ; and from the hotch-potch of all this he had fashioned for himself an ideal of virtuous democracy having the double aspect of a farm-house and a spinning mill, a sort of American Sparta, where the individual would exist only for society, society more omnipotent, absolute, infallible, divine than the grand Lamas and the Nebuchadnezzars."*

* *Education Sentimentale*, p. 167.

There then, formulated with as much vigour as injustice—and it is useless to borrow from authors like Spencer and Leroy-Beaulieu similar quotations in a less vivid strain—the fundamental objections, the parent objection which is made to collectivism: omnipotence of the State, transformation of all the citizens into functionaries, slaves of the central authority, and consequently the suppression of individual initiative, destruction of liberty, annihilation of everything which makes the charm and the beauty of life from the refinements of private luxury to the wondrous flowers of art, too delicate to open their petals in a barrack atmosphere.

The exposition which we have just given of the essential principles of collectivism shows already that these criticisms are inconclusive and rest solely upon a clumsy confusion of exploitation of the State employer in its capitalist form, with the use of the social patrimony of the whole number of workers. Nevertheless it may be useful to insist again and to show once more that the Socialist organization of labour—contrary to the opinion current in bourgeois circles—would increase individual initiative, would lend powerful aid to the expansion of human liberty, and would give a tremendous impulse to production as a whole in the triple domain of industry, science, and art.

Socialism and Individual Initiative.

The defenders of the existing régime, who claim that a Socialist organization would result in the enervation of individual initiative and the repression of productive energy, by deadening the stimulus of personal interest, never fail to compare the "*slave of collectivist society*" with the free man, the independent producer, with all those in a word, who working for themselves have a direct and immediate interest in working as much as possible.

Let us remark, at the outset, that this comparison—be it as advantageous for independent producers as people are disposed to say it is,—is obviously irrelevant. The Socialists in fact have not in view the separation of labour from ownership when they are united, but, on the contrary, their union when they are separated; they seek but the expropriation of capitalist ownership, and they have no thought of compulsorily imposing on the holders of personal property a co-operation which the latter would not desire.

Only, they declare, and capitalist concentration testifies to it—the inferiority of individual enterprise in the majority of branches of production, in all industries the object of which is to satisfy the most general and the most widely-extended needs.

However brilliant they may be, the flowers of personal initiative wither like young plants at the foot of great trees, from the moment

when capitalist production, subdividing labour into small and mechanical operations, reduces professional capacity to the minimum and leaves to the wage-workers no other stimulus to labour than the fear of being dismissed or fined when they work by the day, or of remaining below the limit indispensable for subsistence when they work by the piece.

At this degree of development, initiative is concentrated as well as property and production.

It resides almost wholly in the person of the capitalist, as long as the latter carries on by himself, without delegating it to paid officials, the management of enterprises. He has all the profits, but he has all the responsibilities, and if it happen too often that he abuses the sovereign powers, which he possesses, we could not without ignoring the reality of the facts, consider him purely and simply a parasite.

"The employer, in the existing economic order," said Charles Gide, "is not a mere dealer in manual work; he organises that manual work, which is quite an exalted form of production. He assigns to it its task: he makes it produce the maximum of useful effect, and it is not merely hand-work, it is all the scattered factors of production, capital, land, building sites—which often do not belong to him or only partly belong to him—which he groups in his hand and makes converge towards

a designed end. To foresee needs, to make production coincide with consumption, to decide the manner in which the labour and the capital of a country will have to be employed, that is, properly speaking, the function of the entrepreneur."

That this function must necessarily be fulfilled is clearness itself.

But we have seen that more and more, inspired by the example of landed proprietors, capitalists delegate the function of employer to salaried managers.

Already in 1836, A. Ure—the Pindar of English manufacturers, as Marx called him—stated that not the capitalists, but their managers, were the "soul of our industrial system." With much greater reason is this the case now that the joint-stock system is invading most branches of industry.

Assuredly, at the beginning of every fortune, of every enterprise, we find another initiative act, another individual effort, honourable or dishonourable, but once this fortune and this enterprise have been established, they develop by the acquired force, by the power of capitalist accumulation, by the exploitation of the labour, and the faculties of others, and especially when they pass into the hands of heirs, the personal activity of the holders of capital is at last completely replaced by the bureaucratic functions of the joint-stock company.

Now, it is principally when it is the case

that collective appropriation presents the maximum of advantages, on the other hand, people find themselves agreeing to admit that private enterprises have no longer any necessary superiority over public enterprises.

"Whatever, if left to spontaneous agency," said Stuart Mill, "can only be done by joint-stock associations, will often be as well, and sometimes better, done, as far as the actual work is concerned, by the State. Government management is, indeed, proverbially jobbing, careless, and ineffective, but so likewise has generally been joint-stock management. The directors of a joint-stock company, it is true, are always shareholders; but also the members of a government are invariably taxpayers; and in the case of directors, no more than in that of governments, is their proportional share of the benefits of good management equal to the interest they may possibly have in mismanagement, even without reckoning the interest of their case." *

In brief, in the present capitalist environment, State industries, however vicious be their organisation, are usually not inferior to private companies from the industrial point of view. These latter have the advantage only from the commercial point of view: from the moment when the necessities of competition make it necessary to hunt after

* *Principles of Political Economy*, Book V., chap. xi., § 11.

customers, to organise constant advertisement, to accomplish prodigies of cleverness, or to expend treasures on intriguing attempts to keep a circle of customers or capture that of a rival, the State shows itself decidedly inferior to private companies.

Let us note, however, that this inferiority, very serious when it is a question of realising a maximum of profits, is only of very relative importance when it is a question of securing a maximum of advantages to consumers.

Now, we know that under a Socialist régime social labour would have in view not merely the production of exchange-values, but the production of use-values for the direct needs of the producers themselves. And if, at present, State monopolies, in so far as they are organisms of production, bear comparison with private companies without prejudice to themselves, it will be easy for us to establish *a fortiori* that a Socialist organisation of labour, far from repressing individual energy, and enfeebling individual initiative, will stimulate them infinitely more than the system at present in force.

In order to demonstrate this, we shall take our stand in succession at the point of view of the labour of execution and of the labour of direction.

And first of all as regards the labour of execution: it goes without saying that all the means employed to-day to increase useful

results—prizes, pay by piece-work, work by contract, would, with the greatest ease, find equivalents under a Socialist régime, if it were necessary to resort to such methods of procedure.

Moreover, these means can have only a limited application. Contract-work and piece-work wages come into collision in most industries either with technical obstacles or with opposition justified by too frequent abuses. Pay by the day, then, still remains the dominant form, and when this is the case everybody ought to recognise that in capitalist enterprises the manual worker, a mere machine for producing surplus-value, has no other motive than the fear of hunger and penalties. So he works, generally speaking, just enough not to be fined or thrust out of doors. But it is especially in branches of production where supervision is difficult, in agricultural labour, for example, that the deplorable consequences of the present régime, from the productive point of view, show themselves in all their clearness.

“Putting things at their best,” said Piret, “we can hardly rely on the day-labourer displaying a greater activity than may save him from rebuke. This minimum of activity becomes general among day-labourers, in proportion to the supervision and the constant demands of the masters, and at length becomes so habitual that it is admitted as a

rule. As for the wage-earning domestic, it is worse still: having no fear of being dismissed from one day to the next, unless for exceptionally serious acts, paid according to his time of service, he is not materially interested in doing, in a given time, the greatest possible amount of work. For him, to occupy himself with a slowness calculated merely to avoid too harsh rebukes, is too often the only line of conduct: consequently, instead of performing his task with activity and intelligence, he contents himself with employing his time more or less heedlessly."

To be present at such a spectacle, moreover, it is not necessary to go into the country. Look around you, when repair operations or decorations are being executed at your home. You see with what majestic slowness this house-painter plies his brush, with what "morbidezza" he trills his ballad, whilst he colours the front of your house, and you will understand with all the clearness, which injured personal interest gives you, the result of the absence of personal interest or of a superior interest in those who work for the benefit of an employer. Do you wish now for the counterpart of this familiar picture?

Do you wish to anticipate what would be the zeal for labour which, morally and materially, would interest all its members in the common welfare? Go, then, into one of our Socialist bakeries, at Brussels for example,

into those spacious, well-lighted bakeries, furnished with the latest improvements in machinery, which, to some extent, give the anticipated vision of the workshops of the future. You will find there free men, without any other supervision than their mutual control. They earn 100 sous a day, they work only eight hours, whilst the "white miners" in small bake-houses work in dark cellars twelve, thirteen, and fourteen hours for starvation wages; but during their eight hours the Socialist relays of workmen put forth the maximum of useful effort, work with the earnestness of a prayer, and joyously perform for their brothers and themselves the modernised miracle of the multiplication of the loaves.

Is not this the tangible, the living proof that, as regards the labour of execution, the collectivist régime—that is to say, in short, co-operation generalised, universalised—would be indisputably superior to the existing régime?

But there is, people say, the work of management. Where will you find, to put at the head of social enterprises the men of initiative, the captains of industry, who manage capitalist enterprises?

The reply is very simple: without reckoning the new capacities to which complete instruction would give birth, those which exist at present would be always there; they would

remain what they are, and if it were necessary to employ the means used at present to stimulate their zeal, there is absolutely no reason which would prevent our having recourse to them under a new régime.

All that a Trust can do to increase by a decentralised organisation, by profit-sharing, by prospects of advancement, the initiative and responsibility of its managers or of its employees, we have seen that the community could do equally well for its own.

But, let us hasten to say, the possibility of the maintenance of these inequalities in remuneration by no means implies their necessity. Everything on the contrary leads to the expectation that in a socialist community they would constantly tend to diminish if not to disappear, because they would cease to be indispensable in order to get out of intellectual workers the maximum of initiative and activity.

That it is otherwise to-day is a thing easy to understand. We work above all for money, because it is above all money which confers social pre-eminence, which gives security and independence, which constitutes the only means of obtaining most of the satisfactions, even the intellectual ones, of existence; but on the day when this royalty on metals is abolished, when collective ownership gives comfort of mind and body to all—*panem et circenses*—the love of money will give place

to other motives, pecuniary interest will be effaced before other and less base forms of personal interest.

There is no doubt, in fact, that the ambition and desire to occupy the highest posts in the hierarchy of labour would play an increasing part in proportion as the struggle for material existence lost its bitterness. And, on the other hand, it would be slandering human nature to ignore the importance, which the purely altruistic factors would assume in a social state, where interests would be mutual instead of opposed.

Is not this, at present, what is actually to be seen in the Socialist Co-operative Societies, where we see men like Anseele and many others less known, but no less devoted, content themselves with a workman's wage in order to accomplish prodigies of energy, intelligence, and sometimes of commercial genius, which were needed to establish in Belgium the powerful organism of co-operation.

"These are exceptions," you will perhaps say, "and one has no right to depend on exceptions, to count on the self-denial and the disinterestedness of the apostles and the founder of a new religion, in order to accomplish the current work of industrial production and of the management of social labour." So be it; let us, then, take another example.

It will, doubtless, readily be conceded to us that professional soldiers, the officers of our

armies, do not represent a class whose morality, disinterestedness, spirit of self-sacrifice perceptibly exceed the average of other classes. Tell them, however, that the country is threatened, that the honour of the flag is at stake, that war is declared; they rush to the frontier, and with one accord are ready to give their lives for this flag, for this fatherland, for this war, often hateful and unjust.

Now, if such sentiments can have such effects, can we doubt for a single moment that the same energy, the same desires, the same devotion, are as much to be found amongst the officers and generals of the industrial armies, to do a work of life, as amongst the officers and generals of the armies of to-day to do a work of death? And if we find so many men ready to sacrifice their existence, when it is a question of sending lead into their fellows, would not an equal number, or even more, be found to do so, when it was a question of giving them bread.

We are, of course, well aware that the martial exaltation of a moment and the permanent peaceful activity of a whole career are different things, but let us not forget that the action of moral factors, the power of which we have just shown, would come as an addition to and not as a substitute for all the other stimuli of a less lofty order which would continue to be employed under the collectivist régime.

Thus we are justified in concluding that for the labour of direction, as for the labour of execution, individual initiative and consequently social productivity would have everything to gain and nothing to lose if the struggle for existence between men were transformed into their association for the struggle against nature.

Socialism and Liberty.

"Socialism and human liberty are incompatible." What a number of variations on this theme have been elaborated, from the rather dull pamphlets of Eugene Richter, to those refined and witty *Lettres de Malaisie*, in which Paul Adam depicts for us an Icarian Society, discovered in Insulinde, which indeed works beautifully, but where liberty exists no more save deep in the heart of an old Spanish diplomatist, who had wandered into these latitudes.

Perhaps someone may remember that May-day number, published by the *Figaro*, which caricatures, in a very picturesque manner, the three great social states of the past, the present, and the future—absolute monarchy, bourgeois republic, and collectivist society.

Justifying himself, perhaps, by the fact that the cannibals of Fiji designate their human eatables by the name of "long pigs," the author had transported his trilogy into the world of swine.

Absolute monarchy was before a huge trencher, an enormous boar, with strips of bacon, spangled with decorations, proudly crowned with a royal diadem, and sitting majestically in the midst of a huge enclosure, which other swine of lesser bulk defended against the intermittent attacks of the lean rabble of plebian pigs.

Then came the bourgeois régime, the régime of *laissez faire* and *laissez passer*; gates open, fences thrown down, and the swine populace rushing to the royal trough, the biggest keeping back the smallest, the strongest crushing the weakest.

Finally, in contrast by its calm symmetry with the frenzy of this *mêlée*, the State of the Future; a row of pigs of equal size, curling little tails of equal length, and peacefully lined up before troughs of equal size, separated by uniform enclosures.

Perhaps, if they have by chance cast their eyes on this picture, some folks whose trough was empty may have reflected that, on the whole, in preference to the royal monopoly, or to the unequal *mêlée* of *laissez faire*, they would choose the social organisation, which, at least, would solve "*the stomach question*." And if they have reflected further, they will not have failed to say to themselves that the finest liberties of the world, so long as this question is unsolved, are summed up for the proletariat in a single one—the liberty to starve!

In fact, in order to be free, a constitution is not enough. In addition property, individual or collective, is needed. He who has nothing can do nothing. The workman who does not find in some *real right* that "bit of constitution," which Lassalle preferred to all the written charters, remains, politically and socially, in absolute dependence upon the purchase of his labour power.

In order to appreciate the amount of liberty at his disposal, will the reader be good enough to think of what happens on election days, when he exercises "his sovereign rights."

In France, where the secrecy of the ballot is insufficiently guaranteed, how often have we not seen, in the industrial centres, hundreds of workmen dropping their employers' tickets into the ballot-box under the supervision of foremen, and the threat of forced stoppage of work?

In Belgium, where the machinery of the law protects the liberty of the elector more effectively, the sovereign people possesses at least the right of secrecy.

It is behind a partition that he marks with a black stroke the official papers handed him by the presiding officers. Hide yourself well, comrade. No one will see you—no priest, no employer, no burgomaster. Hide yourself as if you were going to commit a crime. There you are alone with your conscience. You are free once every four years.

But this minute of liberty—so precious, too!—is it not actually the proof of a perpetual slavery? Is it not plain proof that, in the present state of affairs, those only are free to placard their opinions, to show publicly their political preferences, to confess openly their philosophical or religious beliefs, who have what is called an independent position, who find in personal property the guarantee of their liberty?

Consequently, the only means of securing liberty for all is to give property to all, and under the régime of large-scale industry, the only means of giving property to all is to socialize the means of production and exchange.

True, it is objected that the remedy would be worse than the disease. It is affirmed that individual liberty would suffer still more from popular supremacy, based on collective ownership. And, to maintain this position, appeal is made in turn to the interest of the citizens as producers and as consumers.

To begin with, from the point of view of the producers, of the workers who are to-day attached to capitalist enterprises, and who would come to be occupied in social enterprises, we are justified in saying that, as far as liberty is concerned, they have nothing to lose but their chains, and that, should the state employer keep its present form, still its despotism, tempered by the increasing influ-

ence of democracy, would not be harder to bear than the despotism of the employers of private industry.

Suppose, however, that the collectivist régime should become general, that as a result of the fusion of classes, the authoritative function of the State should be reduced to a minimum, that in public industries, decentralized and autonomous, everybody should share in the common work of production, how can we maintain that the liberty of producers will be lessened because they will have become their own masters and their own employers?

But yet people persist in this position. They depict for us the deplorable situation of the worker driven from collective workshops; visited, perhaps, for reasons that cannot be avowed, with industrial excommunication, and tramping the pavement without succeeding in finding work anywhere! But do they not see that it is precisely under a capitalist régime that excommunications are daily executed, whilst they would become morally impossible in a society where labour, being a duty for all, would be of necessity a right for all.

Just as it would be inconceivable that, in present-day society, the State, in its capacity as manager of the railways, should refuse to convey a passenger, it is absurd to suppose that in a collectivist State there would be any

objection to employing a citizen. And when people tell us that exclusion from one social workshop would necessarily imply exclusion from all others, it is almost as if one should say that, under a régime of communal autonomy, from the moment when a municipality declines to elect a teacher—on account of his political opinions, for example—that teacher is fated to receive the same treatment from the other municipalities in the country.

Likewise people talk to us, in language full of apprehension, of the restraints on social liberty which would result from the regulation of social labour. But once more, how is it possible to fail to see that this regulation—the written formula of which is by law imposed as a protective guarantee on workshop rules, exists just as much under a capitalist régime.

Absolute freedom of labour is only possible in individual enterprises, that is of course if we call submission to natural laws alone "freedom of labour," a submission which is all the more complete as labour is more isolated. From the moment, on the contrary, when labour, whatever be its nature, demands the incorporation of the individual in a whole, his liberty necessarily undergoes restrictions. The surgery expert, confined to regular visits, the professor bound by the time-tables of his curricula, feel this in the same way as the manual worker who is subject to a workshop rule.

This regulation indispensable for the successful advance of industries, Socialism will evidently not suppress. Only instead of being the exclusive and personal work of a manager of an enterprise, having interests opposed to those of his men, it would become the expression of the will of the workers themselves, having the same rights and the same interests.

Under these conditions, is it not evident that this regulation, made by everybody in the interest of everybody, would safe-guard the liberty of producers better than the present method of regulation, imposed on everybody in the interest of some, without taking into account the fact that the reduction in the time of labour, in consequence of a fairer distribution of tasks and of a more active participation of all the citizens in social work, would give liberties to all—the most inestimable of liberties, the power of working for a living instead of living to work, the right of devoting sufficient leisure to voluntary labour, and of tasting, after leaving daily toil, those joys of the family or of social life, which to-day are implacably refused to the vast majority of manual workers?

We think, then, that we have shown, that from the point of view of producers, collectivism by suppressing freedom of exploitation, would beget freedom of labour. But, let us not forget, there is still another point of view. Appeal is made to the interest of the consumer,

of the public, of the citizens in general. It is in their interest that people fear, or pretend to fear, the omnipotence of the collective will.

What would become of the liberty of the press, of the liberty of the home, of the free determination of needs, in a social state, where the community, disposing as it pleases of all products and all services, would have the power to boycott officially minorities disobedient to its tutelage? There are sober people, who point out to us, without laughing—the wretched citizens of the “State of the Future,” condemned to read official newspapers exclusively, to be housed all their lives in the same apartment of the same phalanstery, and to be fed from the same kitchen as all the other dwellers in their quarter.

“In a Socialist state,” cried a young and promising Liberal lately at an election meeting, “we should all be compelled to wear clothes, the cut of which would be regulated by the Government!”

“But,” interrupted a workman, poorly enough clad, who did not seem to be alarmed beyond measure at this prospect—“are you not a convinced advocate of free, secular, and compulsory education?”

“Of course!”

“Well then, why do you think it so regrettable that the State should decide the cut of our clothes, when you consider it quite natural that the State should undertake the intellectual

fashioning of our children? That which is capable of teaching, is also very capable of dressing or feeding."

To this *argumentum ad hominem* our Liberal made no reply, but doubtless someone will reply for him that the omnipotence of the State as regards education would be no better than the omnipotence of Society as regards food or clothing. We are completely in agreement, and without wasting time in protesting against this absurd idea that the socialisation of the means of labour would end by compelling the citizens to wear the same uniform or share the same mess,—as in the *Carmagnole*—we are the first to state that, if collectivism were to have the effect of increasing the powers of the Government State, of strengthening the gendarme and police State, of favouring the arbitrary intervention of the State in private life and in personal consumption, it would really not be worth while to substitute the tyranny of the community for the tyranny of employers.

So we have insisted at large on the imperative necessity of differentiating the industrial State from the political State, of securing the complete autonomy of the economic organisation with respect to the political organisation of society. For, so long as the confusion between these two domains continues, a government may—and we get proof of this every day—abuse, for the sake of its prejudices

or its political interests, the power conferred upon it by the management of public services.

So it is—to cite a single example—that in our constitutional Belgium, where liberty of the press professes to be absolute, the Minister of Railroads arrogates the right to forbid the sale of Socialist newspapers in the stations and other railway buildings.

It should be added, moreover, that if the same Minister, instead of this annoyance of no great practical importance, ventured to make a more serious attack on the liberties of the citizens, if he refused, for example, to convey or to distribute by post certain classes of newspapers, he would infallibly be turned out by a general upheaval of public opinion.

At present, one may say that the custom and tradition of liberty are sufficiently strong to resist many attempts at too great power. With much more reason would this be so in a fairer social state, under the sway of the fundamental distinction which we have set forth between the government of men and the administration of things. All the more so, because the importance of the governmental machinery, which was specially intended to maintain the capitalist order would go on decreasing in proportion to the development of the new order.

Under these circumstances, we ask all upright men how liberty could be compromised, because an increasing number of autonomous

public services would be exploited socially, instead of being left to the exploitation of individuals.

Already, at the present time, are the public less free when they travel on the State system than on the private system of railways? Are they less free when they consume municipal water, or when they turn the tap of a municipal gas burner, rather than use the water or burn the gas of a private company? Does it not clearly appear on the contrary that the socialization of capitalist monopolies by the citizens of a democracy is the very condition of real liberty?

Of course we do not claim that every extension of the public domain necessarily results in an increase of liberty. There is no doubt, on the contrary, that acts of collective expropriation, achieved by the governing classes in their own interest, can end in the fiscal monopolies of European monarchies, or even in the paternal communism of the Jesuits of Paraguay, or again, in the autocratic collectivism of that Chinese emperor, who has for so long been the darling of the bourgeois press. But those who from such instances draw arguments against democratic Socialism, should not forget that in order to attain this end, in order to transform, in the interests of all, capitalist property into social property, the proletariat will have to show such a power of organisation, to realise such

progress, moral and intellectual, that it becomes absurd to suppose that generations trained in such a school would for a single moment submit to any restraints whatever upon their full and complete liberty.

Socialism and Art.

We have seen the most passive among the capitalists reproach Socialism with weakening individual initiative ; the most arbitrary amongst employers combating it in the name of human liberty ; it is natural that in their turn the most unæsthetic amongst the bourgeois should take up the defence of the artists against the ignorant masses, against "modern barbarians."

But, let us hasten to say, they do not remain alone. Some ingenious and learned philosophers, like A. Fouillée, also show very lively apprehension of the fate reserved for poets, artists, metaphysicians by a society of "materialist collectivists."

Will they not be banished without even their crown of flowers from the Republic ; and admitting that mercy be shown to them, in what manner will collectivist society organise the philosophic work bearing on the first principles and the ultimate ends of existence, including even "the beyond?"

Shall we be able to regulate mental labour by administration, impose on it an eight hours' day, command Victor Hugo to have his poetic

inspiration at 7 a.m. and to stop at 9? And how will this labour be estimated? The thought of men of genius has not always an appreciable economic value. When Galileo discovered the satellites of Jupiter, would collectivist administration have guessed that the satellites would serve to prepare more exact maps and save our merchant vessels from being shipwrecked. Leisure, even idleness, which others think so odious in manual workers have, besides their inconveniences, their usefulness and their social necessity. If everybody were bent over the plough or the anvil, there would be none of these dreamers, these so-called idlers named Socrates, Archimedes, Laplace, no more Dantes, Shakespeares or Lamartines.*

In a word, to listen to our author, a Socialist community, entirely occupied in planting cabbages, would have very little anxiety to cultivate roses. Material production would absorb all energies. Everybody, doubtless, would have what is necessary, but none would have a superfluity. Now it is the superfluity of riches which permits artists to live; it is unearned incomes which give leisure to poets, and consequently to suppress capitalist appropriation would be to limit future æstheticism to the platitudes of official art.

* Fouillée. "*Le travail mental et le collectivisme matérialiste.*" (*Revue des deux Mondes*, 1st May, 1900, pp. 121-2),

To reply to these objections, it is important, at the outset, to remove a fundamental misunderstanding.

All Socialists, even materialist ones, will be in agreement with Fouillée in admitting this truth, hackneyed from its obviousness, "that the despotic collectivism which should seek to organise mental labour economically and administratively, would dry up the springs of all invention and of all social progress, including economic progress." We only regret that Fouillée is not in agreement with us in recognising that this preposterous idea has never entered the head of any Socialist theorist whatever.

In any case, let the readers of the *Revue des deux Mondes* be reassured. The Victor Hugos of the future will not be subject to workshop regulations; the Shakespeares of the 20th century will still be able—if they have no better means of subsistence—to earn their living by going on the stage of small theatres. Everything permits us to hope that the astronomers, poets, mathematicians, and philosophers, when they live under a Socialist régime, will not be imprisoned like Galileo, exiled like Dante, murdered like Archimedes, or poisoned like Socrates.

And verily, to reply more seriously to a more serious objection—there was no need of the light of a philosopher of Fouillée's importance to make the most obtuse collectivists

understand that art and philosophy, above everything, need liberty. The whole question is to know whether poets, philosophers, all those, in a word, who give themselves up to theoretic and disinterested work, would have as much real liberty in a Socialist community as in the present state of affairs, or more.

Now, it will be admitted, in the first place, that if there is any environment hostile to the free development of art and philosophic speculations, indisputably it is bourgeois society, entirely dominated as it is by considerations of money and interest.

If, in spite of everything, art flourished on the ruins of the past or on the waste fields of the present, encumbered with refuse and with building materials at hand, as well as on the mountain tops already bathed in the light of dawn, whence the future may be descried, it is because the pressure of art is as irresistible as the development of seeds in the interstices of old walls, in the cracks of pavements, in the poor mould of the most unfertile soils. But, in spite of its unrestrainable vitality, æsthetic production—and the same thing might be said of philosophic production—is fatally sensitive to the unfavourable conditions of existence made for it.

For the vast majority of men, even for the fuglemen of bourgeois thought, æsthetic pleasure is nothing but a game, a distraction, a luxurious enjoyment. "What characterises

it," says Spencer, "is that it is not bound to the vital functions, is that it brings us no precise advantage; the pleasure of sounds and of colours or even that of subtle odours springs from a simple exercise, from a simple play of suction and such an organ without visible profit: it has in it something of the contemplative and the idle, it is a luxurious enjoyment."

And naturally in a social state, where most men have to devote their whole efforts to the conquest of daily bread, this luxurious enjoyment remains the privilege of the smallest minorities.

In the time of Louis XIV., it was above all the world of the court; later, it was the "gentle folks" of the aristocratic salons; to-day it is almost exclusively the bourgeoisie, or rather, that very small fraction of the bourgeoisie who do nothing but squeeze surplus-value out of the proletariat.

If we deduct the too rare intellectual enjoyments which the community at present puts at the disposal of manual workers, and which, moreover, the majority of these workers are not yet able to taste, we may say, in fact, that the bourgeoisie alone, the rich or leisured class, possesses the time and the money necessary to frequent the libraries and the theatres, and especially to procure books, statues, pictures, and other exchange values, in which beauty is embodied.

And, thanks to this intellectual and material monopoly, it alone has at its disposal the power of dictating its preferences, either directly or indirectly, through the medium of the State, upon all of the artist class, who, having no other means of existence, are condemned to please it under pain of dying of hunger.

This is what explains at once the mediocrity of those who submit, and the exasperation of those who revolt; for the common trait of all artists, who can, thanks to private resources, or even by imposing hard privations upon themselves, procure a relative independence, is their profound aversion to the reign of the bourgeoisie and to bourgeois ideals. Some draw from this very aversion the indignation which makes great works; such was Balzac, writing the *Comédie Humaine*; Flaubert spewing his contempt on the victors of June, 1848; Hugo lashing the second Empire; Zola publishing *Germinal*.

Others, disgusted with the present, take refuge in the ivory tower of exceptional poets, sing, with Mallarmé, of Latin degeneracy, crouch "at all the windows, from which they may turn their back on life," or else, looking back to the past, demand of the great centuries of Christianity the inspiration which they no longer find in the world of the present day.

Finally others, continually increasing in number, seeking support in the soul of the

awakening plebeians, proclaim with Wagner, the united triumph of art and of revolution. But whatever be the beauty, even the sublimity of their works, as yet they are and can only be forerunners. In order that a new art may flourish, wide and great as humanity itself, humanity will have to know peace after struggle, leisure after work, communion of mind and of heart after the antagonisms which rend them to-day.

Periods of transition, of criticism, of revolution like ours can only produce stormy and incomplete works. What was, is no more. What will be, is not yet. Action mars the seer's vision. Those who are laying the foundations of new societies have hardly time to think of other things, and, too often, the artists who speak to crowds still in bondage wait in vain for an answering echo. But when the emancipated proletariat shall live a truly human life, when all the workers shall have culture sufficient to be open to the sensations of art, when all shall have, after their day's work is done, those hours of leisure, the social necessity of which Fouillée establishes, then and then only æsthetic pleasure will cease to be a luxurious enjoyment, and become a need common to all members of the community; then and then only will great works be born in perfect beauty from the prolific co-operation of the "individual creator, sure of being understood, and society, palpitating, sure of understanding him."

What is art, indeed (to adopt the admirable expression of Georges Sand), without hearts and mind upon which to direct it? A sun, which would not shed its rays, and which would give life to nothing.

What will it not be, on the contrary, when whole peoples will open their eyes to its light, and will carry into their humblest tasks some reflection of its splendour?

True, the objection is raised that the material conditions of æsthetic development will be wanting in a social state where artists, deprived of the resources which individual property can give them, will no longer find protectors, bourgeoisie, or princes, whose private luxury contributes to support them.

The objection is ludicrous, coming from the admirers of bourgeois society, that *alma mater* of intellectual workers. Must we recall to what expedients the majority of these latter must have recourse in order to get that morsel of daily bread, which Berlioz went and ate, seasoning it with dry raisins, at the foot of the statue of Henry IV? Schiller was professor of history. Balzac received barely a few miserable thousand francs. for the 10,000 pages of his *Comédie Humaine*. Wagner, before meeting Louis II., was reduced to writing an accompaniment to *La Favorite* for two cornets. Beethoven, at the end of his life, in a letter to his pupil, Ries, said—
 "This sonata has been composed under very

painful circumstances, for it is sad to be obliged to write in order to have bread. That is the position I am in now." And amongst great creators the vast majority of those who have not lived in the blackest misery, have derived their resources either from a profession totally foreign to their art, or from sinecures or subsidies, or from the favour, always tardy, of the public.

Now it is evident that from this triple point of view, the collectivist régime would manifestly be superior to the present régime.

Those who practised any other profession than their art, would enjoy greater leisure. Those who work now for some Maecenas, bourgeois or royal, would work as men like Rembrandt and Hals formerly did, for groups, associations, public entities, whose collective luxury would gloriously eclipse the vanity and the meannesses of private luxury. Those finally who, scorning all contact with officialdom, would prefer to address the public directly, would be able to live by their brush or their pen all the more easily, as this public would be infinitely more numerous and more enlightened than to-day.

In vain is the objection taken that the great public would be a bad judge, that it would prefer brilliant mediocrities to really original artists. Does not experience show on the contrary that the most stubborn opposition to new formulas of art has not come from

the mass of the people but from privileged coteries. Walther Stolzing, rejected by the Meistersingers, appeals to the good folks of Nuremberg. Corneille, condemned by the Salon of the Hôtel de Rambouillet, gains a triumph for Polyeucte on a larger stage. Truly great works, which reflect the soul of a whole people, are first understood by the people themselves, or at least by that fraction of the people which is not completely enslaved by the "power of darkness."

With much more reason will this be the case, when all the units which compose the collective soul will be conscious units, when all the members of the human family, instead of being divided against themselves shall find again on a widened foundation that moral convergence, that prolific solidarity, which reigned in the ancient city and in the mediaeval municipality.

And in the same way, in these two great epochs which appear as glorious stages in the eternal development of history, Socialism will crown its social work with the blossoming of a new æstheticism.

Many a time it has been said that art in all its forms is nothing else but the mirror of society, more or less distorted but always faithful. It reflects to-day the disappointments of a dying bourgeoisie, the tortures, the agonies and also the hopes of a proletariat which lives and grows in suffering. It will reflect to-

morrow the calm and serenity of the happy generations, which, escaped from the degradation of poverty, will have founded, thanks to their own effort, the sovereignty of labour and the reign of solidarity.

In one of his most beautiful poems, Victor Hugo shows us the satyr of Mount Olympus, rising shaggy and black in the proud assembly of the gods. He is received with sarcasms. He replies with a chant of defiance. Apollo, subdued, offers him his lyre. The song of revolution rises like a swelling shout towards the vault of heaven, and the singer swells in his turn : the vast space enters into this black form. It is the whole world which rises and overthrows the throne of Jupiter !

Is not socialism the satyr of the Legend of the centuries? Like him, weak at first, filthy and shaggy, he is despised when he appears. Then he is feared—when he begins to grow. But behold him, growing still : he seizes Mercury's flute : he possesses himself of Apollo's lyre ; he plies all the fascinations of art, all the weapons of science. He rises before those who thought themselves immortal, and soon with foot upon their throne, in the fulness of his power, he in his turn will be able to cry to them :

“ Room for all : I am Pan : Jupiter, on your knees ! ”

THE SOCIALIST LIBRARY.

PROSPECTUS.

FOR some time it has been felt that there is a deplorable lack in this country of a Socialist literature more exhaustive and systematic than pamphlets or newspaper articles. In every other country where the Socialist movement is vigorous, such a literature exists, and owing to it Socialism has taken a firmer hold upon the intellectual classes, and, amongst Socialists themselves, its theories and aims are better understood than they are here.

Comparing the output of Socialist literature in Germany or France with Great Britain, one must be struck with the ephemeral nature of the great bulk of the matter which we publish, and the almost complete absence of any attempts to deal exhaustively with Socialism in its many bearings in economics, history, sociology and ethics. This failure is all the more to be regretted, because just as the special development of British industrialism afforded the basis for much of the constructive work of foreign Socialists half a century ago, so the growth of British democratic institutions and the characteristics of British political methods have a special and direct bearing upon Socialist theories and tactics,

It is also disquieting to think that, on the one hand, the intellectual life of our country is becoming more and more attached in its interests and sympathies to reaction, and that, on the other, so many who lift up their voices against backward tendencies either look behind with regretful regard upon policies which are exhausted and can no longer guide us, or frankly confess that they are disconsolate without hope.

To the promoters of this LIBRARY, Socialism appears to be not only the ideal which has to be grasped before the benumbing pessimism which lies upon the minds of would-be reformers can be removed, but also the one idea which is guiding such progressive legislation and administration to-day as are likely to be of permanent value. But those experimenting with it are only groping; are working with an instrument they do not understand; are applying an idea they have not grasped; and it is therefore believed that as a practical contribution to political principles and methods, the LIBRARY may be of some value.

The LIBRARY, however, with more assurance of definite success, will aim at providing studies in Socialism, or from Socialistic standpoints, which will be stimulating to the Socialist movement, and which may do something to knit together the different sections of Socialist opinion and activity in this country. It will contain translations of the best works of foreign Socialists, as well as contributions from our own writers.

It follows that the volumes will not be selected

because they advocate any particular school of Socialist thought, but because they are believed to be worthy expositions of the school to which they belong.

APRIL, 1905.

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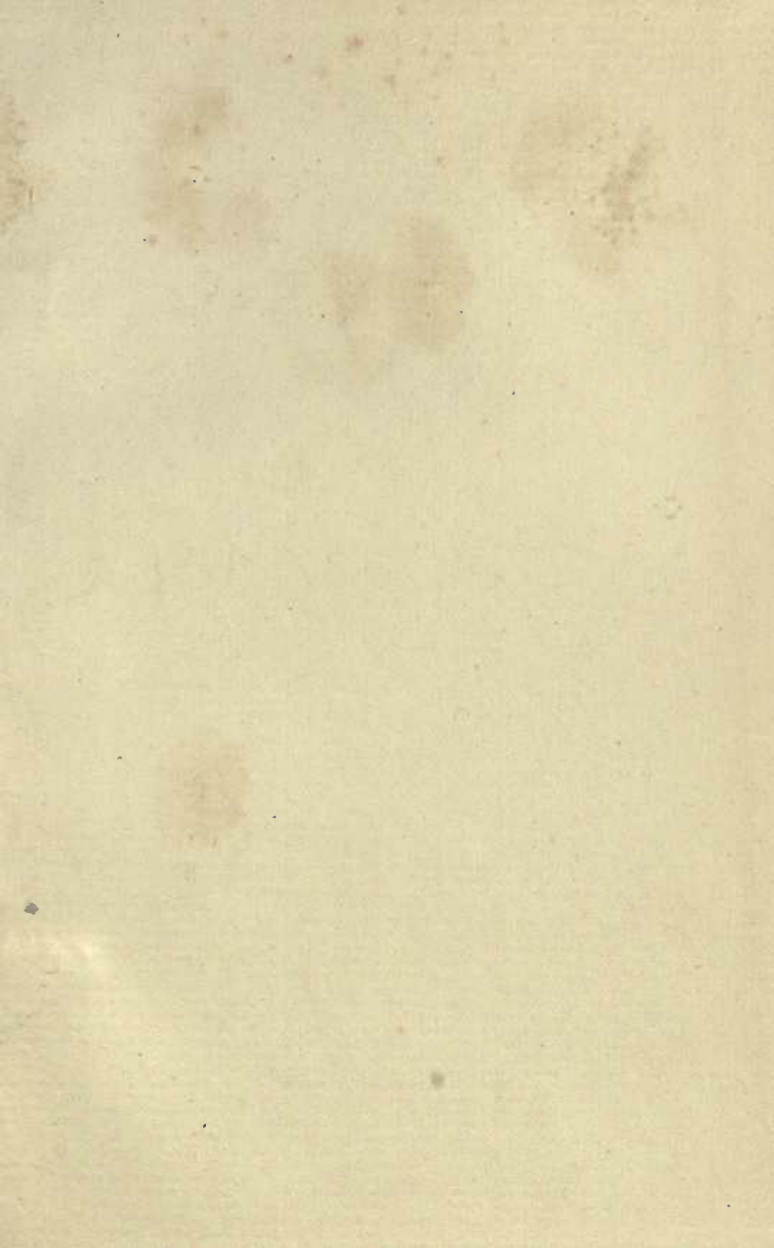
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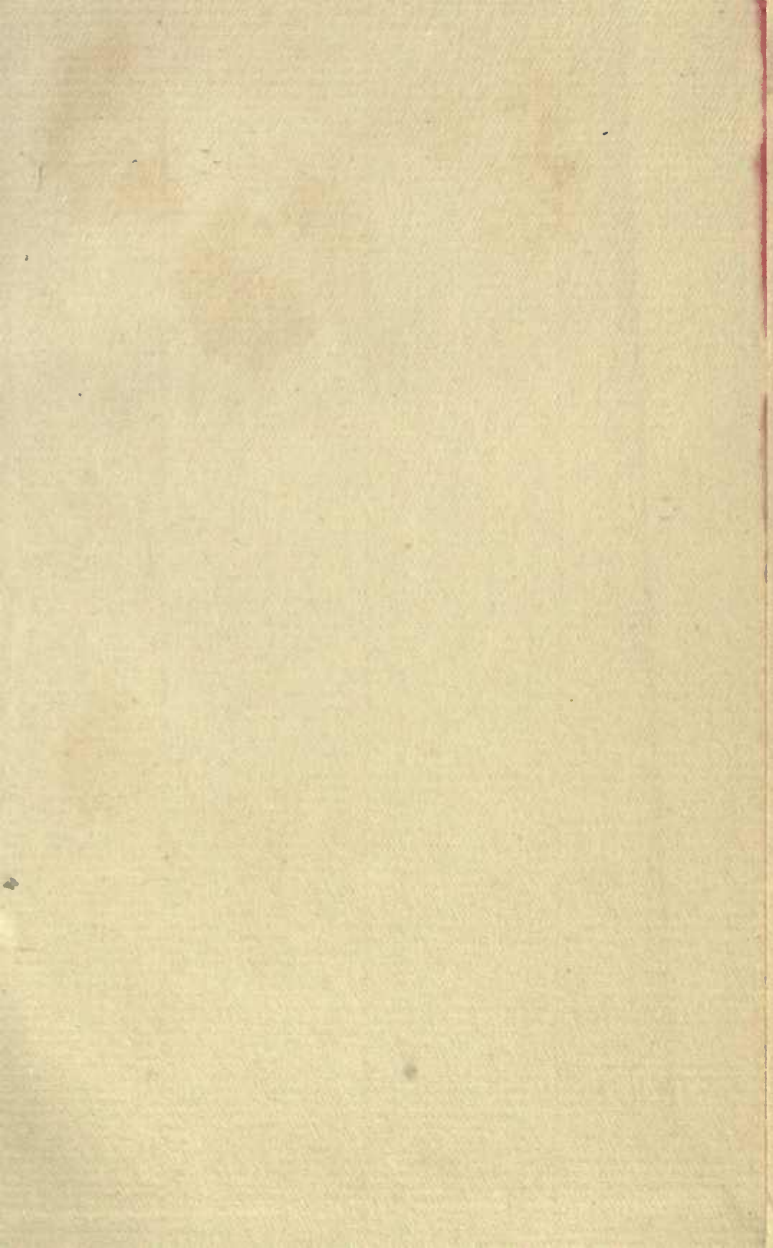
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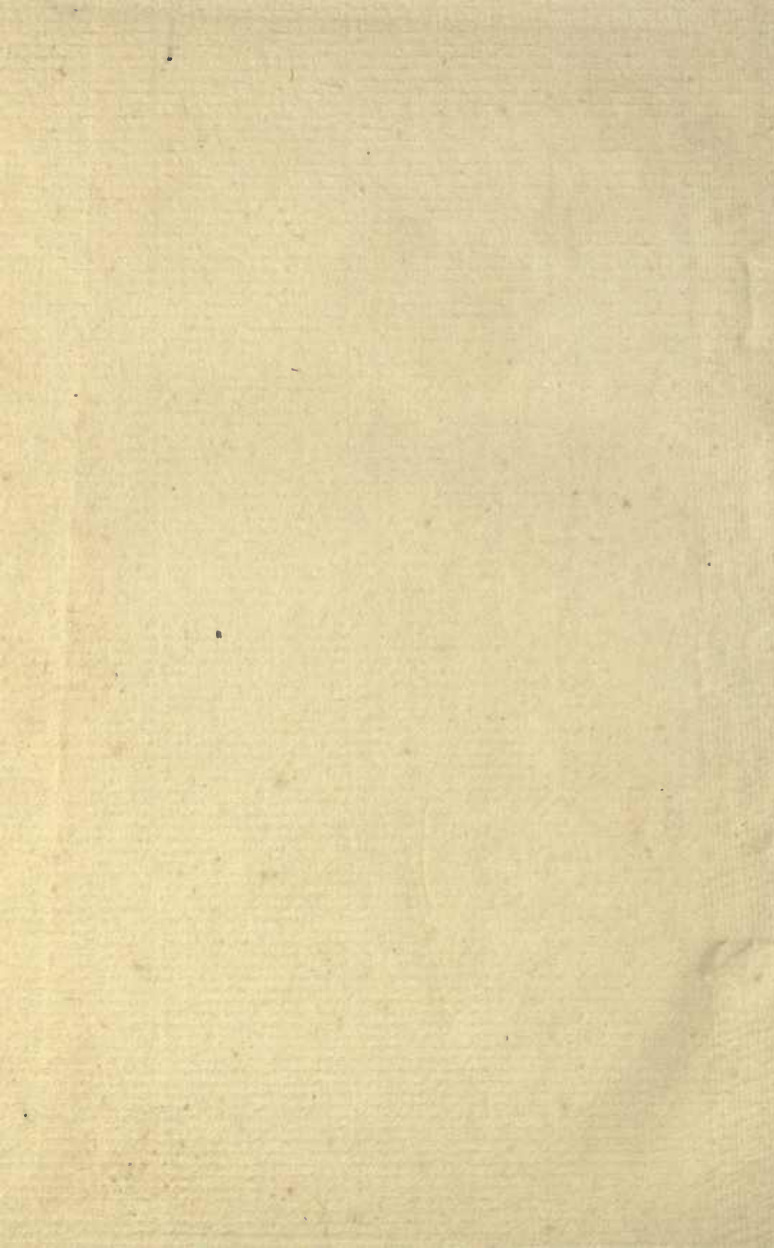
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